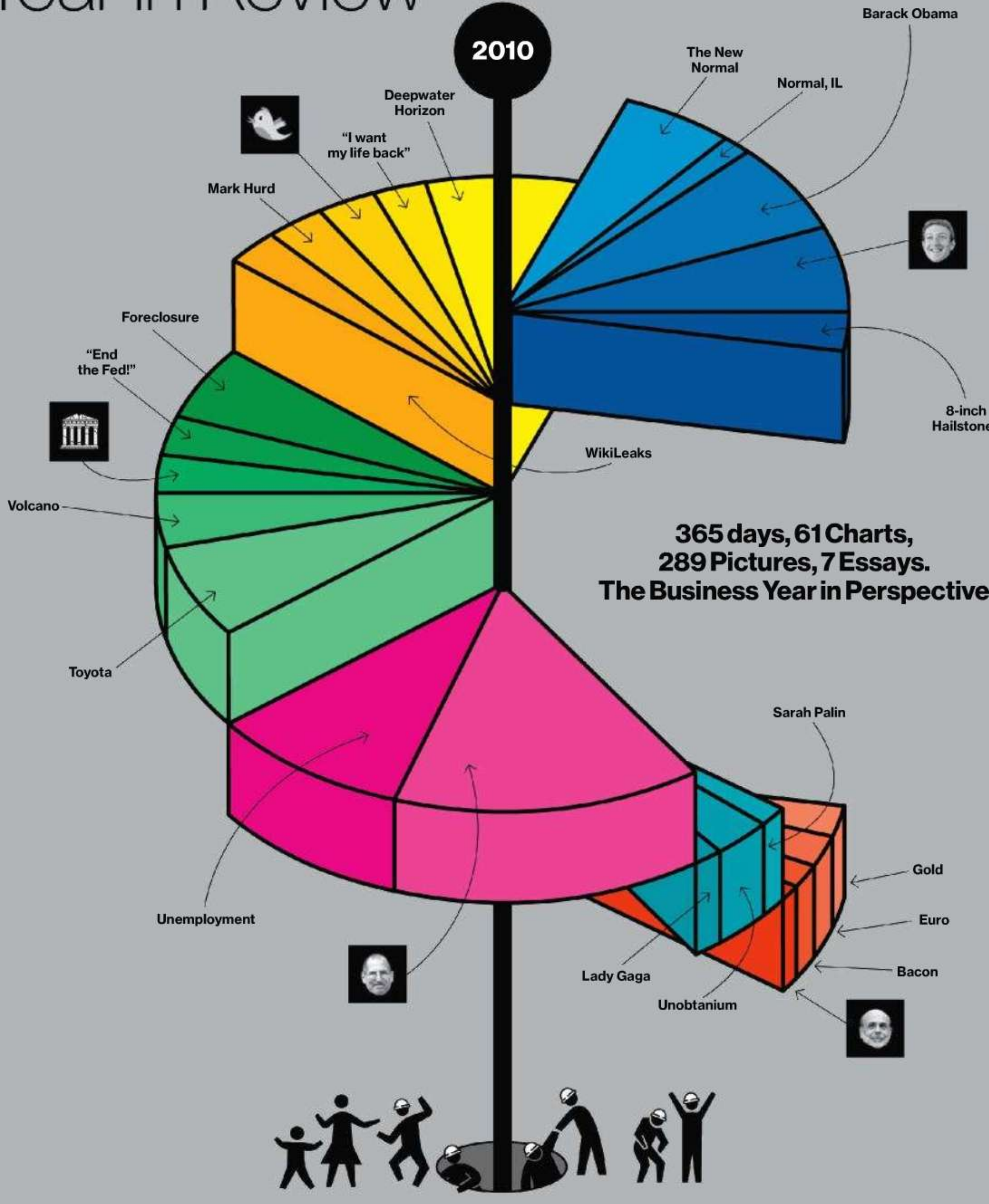
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Bloomberg Businessweek
Year in Review



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and the prospectus carefully before investing. The summary prospectus, and/or the

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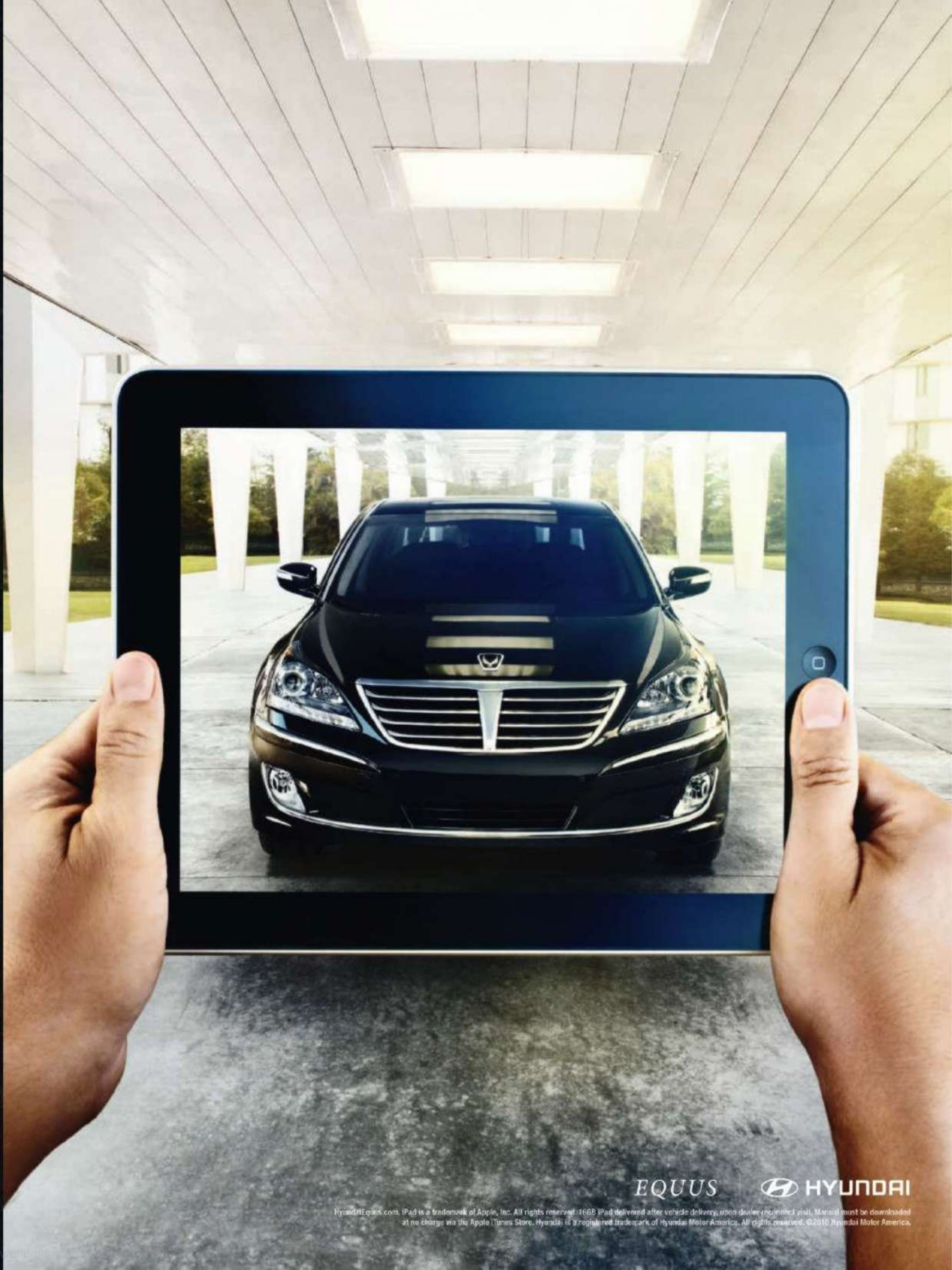
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81%

of energy experts think smart grid technology is important for creating a cleaner, stronger system of the future.

Energy

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Bloomberg Businessweek
Year in Review



"Dull year for the industry."

There you have it, the most interesting sentence in the American Federation of Labor's roundup of 1910. Even those who fetishize stability would concede that it's a death march of a volume, a 420-page trade-by-trade chronicle of a year in which little seems to have happened. At least the authors of the five-word summary above—members of the AFL's knife-sharpening union—could say they spent 1910 crafting a decent pun.

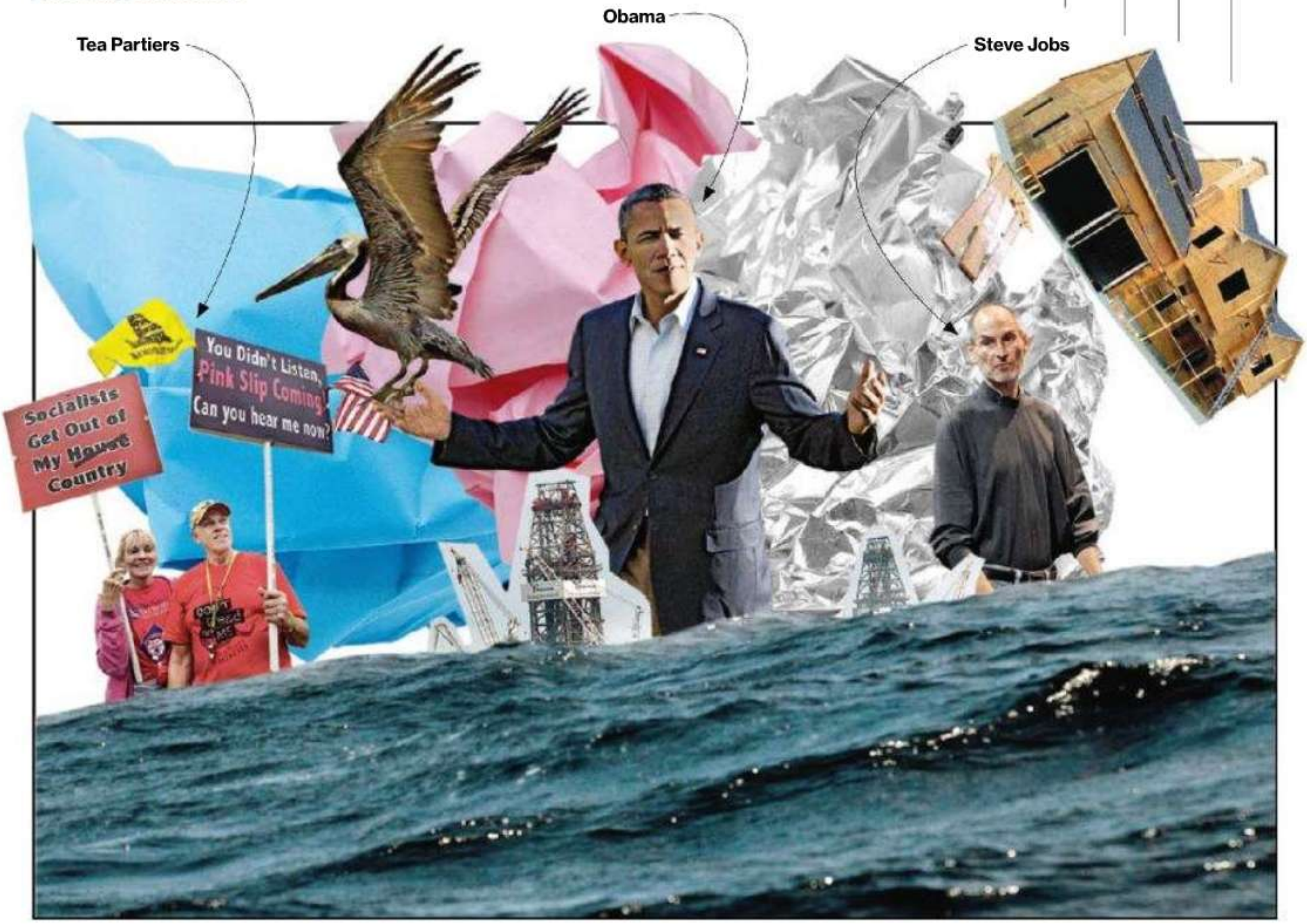
A century later the idea of a dull work-year is quaint verging on incomprehensible. Global trade connects the fate of every industry and laborer, no matter how small or seemingly self-sufficient, to the decisions of bureaucrats in China, shipbuilders in Korea, and bankers everywhere. It's hard to have a quiet year in the shop when the shop has no borders. Even the structure of a year seems enlarged and more complex. The depth of our interconnectedness, the constancy of media, means that themes and moods tend to hang around past their season. By the admittedly squishy metrics of pessimism and disruption, 2010 feels as if it started a long time ago.

Maybe that's because we're still breathing the fumes of 2008. Lehman Brothers' collapse 27 months ago brought on more than just a teetering economy: It created a cloud that has settled over most Western economies and, in 2010, wrought a kind of seasonal affective disorder on their citizens. In a Bloomberg poll conducted in October, two out of three likely voters in the Nov. 2 midterms said that taxes had gone up, the economy had shrunk, and the billions lent to banks as part of the Troubled Asset Relief Program would never be recovered. A September poll showed that 77 percent of global investors expected the European monetary union would crumble and at least one struggling government would default, all despite a $1 trillion euro zone backstop.

What's revealing about these responses is the chasm between feelings and facts. Congress and the Obama Administration have cut taxes by $240 billion since 2009. Growth continued without interruption in 2010 in the U.S. and most major economies. The Treasury expects to turn a $16 billion profit on the TARP rescue. Greece and Ireland may have stared into the white light of fiscal death, but they were yanked back to earth by their neighbors and are now trying to rehabilitate (with wounded fury, but—so far at least—without default). By the end of the third quarter, U.S. nonfinancial corporations were sitting on a

COVER: BLOOMBERG; AP PHOTO; REUTERS; THIS PAGE: PHOTOMONTAGE BY EMILY KEEGIN. PHOTOS: CLOCKWISE FROM TOP: ALAMY; SPENCER PLATT/GETTY IMAGES; KIM KULISH/CORBIS; ALEX BRANDON/AP PHOTO

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record $436 billion in cash. Through Dec. 14, the Standard & Poor's 500-stock index was up 11 percent for the year. And Wall Street was racking up its fourth-largest profit ever, a projected $19 billion for the year, according to the New York State Comptroller's office.

So if things aren't nearly as bad as they seem, why do they seem so bad? Jobs and houses have a lot to do with it. In the U.S., 17 percent of the workforce either couldn't find employment or was surviving on part-time jobs. Their collective frustration and scrimping are contagious. Despite interest rates so low they would shock previous generations, the housing market has all the bustle of a Pompeii bazaar; there were 202,000 new homes on the market at the end of October, the fewest since June 1968. Mix in an unrelenting foreclosure crisis, in which the centuries-old concept of title was thrown into doubt by faulty record-keeping, and it's easy to understand why so many people feel like they've lost a degree of control over their lives: because they have.

The notion that trusted institutions can restore our sense of security is as worn as that 1910 yearbook. Governments can't stop leaks—of oil or information—let alone regulate behavior. Passage of the Dodd-Frank Act in July may have constrained investment banks by putting limits on proprietary trading, but as Michael Lewis wrote in this magazine, "What's really striking is how little ability the outside world retains to find out what is going on inside these places—even after we have learned that what we don't know about them can kill us." The Tea Party, which resists meaning as ferociously as it resists Ben Bernanke, makes sense when seen as an exercise in fist-shaking. Two years after hope and change, it fumed at economic abstractions such as quantitative easing and bending the curve and asked a simple question: Why can't we have our country back?

Here's the thing: That America has been gone for years. Cheap labor and plentiful resources combined with ease of travel and communication

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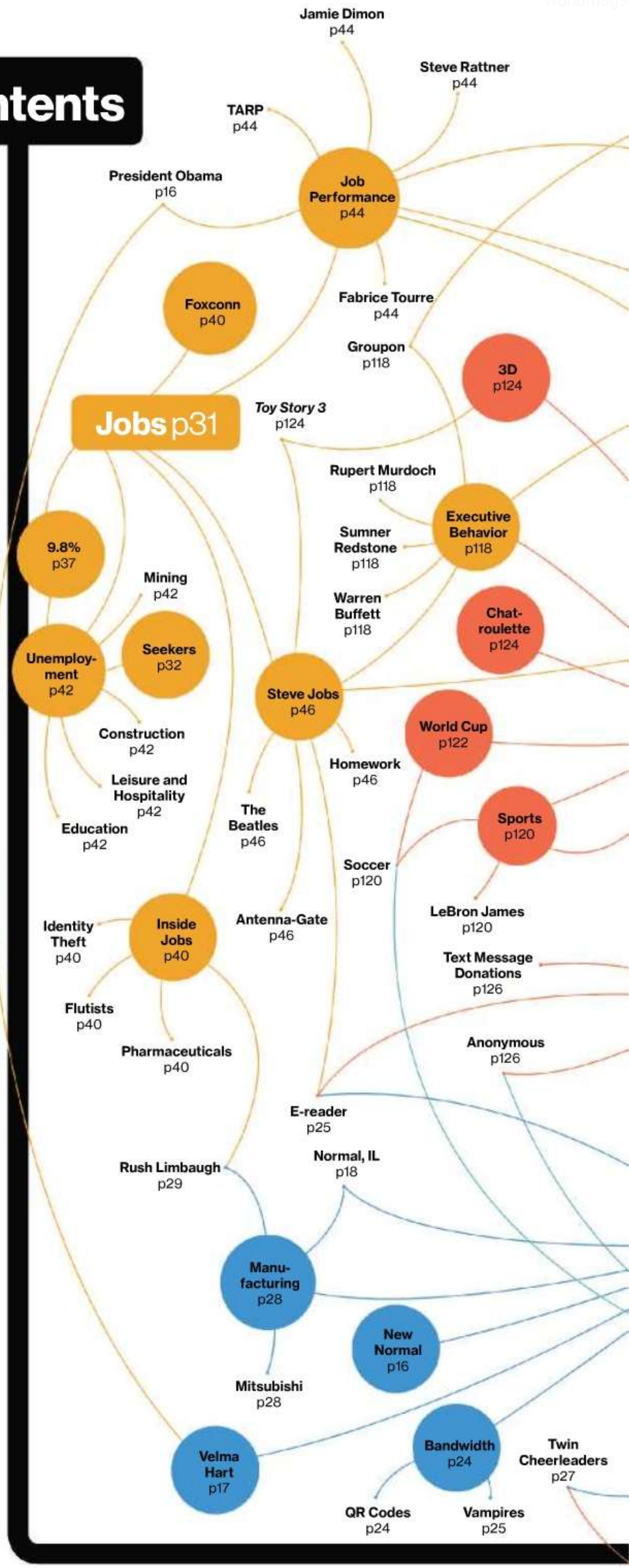
Contents

have given emerging markets more than just a place at the table. In 2010, the U.S. added 937,000 jobs; Foxconn, the Taiwan-based maker of nearly every consumer electronic product you wanted this year, added 300,000. Fueled by gold, copper and coal, the most robust currency of the year against the dollar was the Mongolian tugrik. In India, competition for deals has become so intense that billionaire Ravi Ruia is branching out to Africa—buying coal mines in Mozambique and a Kenyan oil refinery. Competition is one of the pleasures of business and one of the foundations of America. That right hasn't been rescinded—it's been extended to people around the world. In a way, we've won. Now the game starts again.

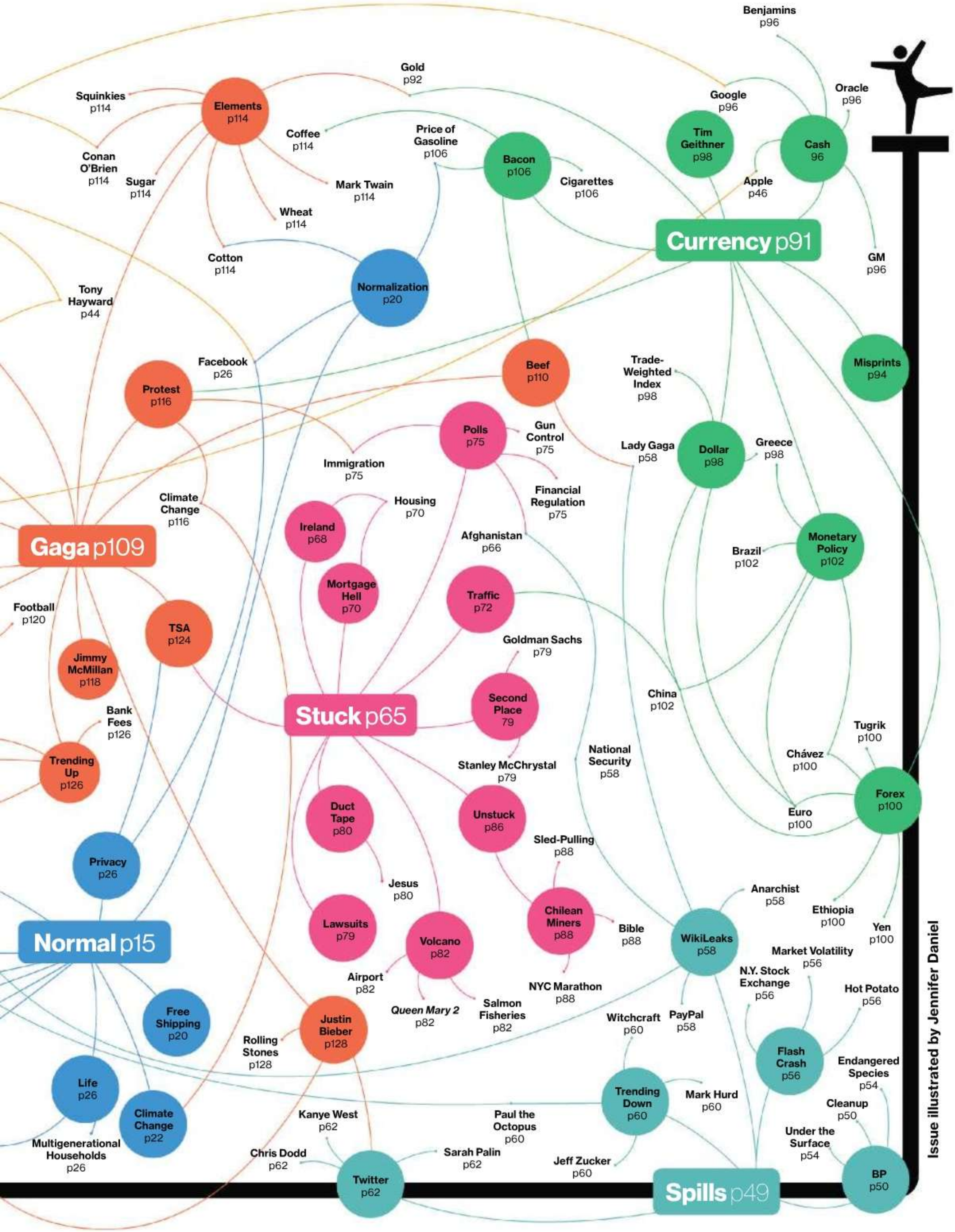
Capitalism lives off of change. The new challenge is to shake off the trauma of a decade that started with the ultimate loss of control and get to work on winning the new century. There's a lesson to be found in the two most-talked-about companies of the year. On May 26, Apple blew past Microsoft to become the second-most-valuable company in the world (it's currently No. 3)largely by selling beautiful devices that let you control a universe with a swipe. Google, which began the decade offering a pathway to infinity, now fights to keep its employees from defecting to Facebook, which chops infinity into an endless series of cul-de-sacs. Apple and Facebook figured out something about the consumer psyche—then they innovated to fill the need with astonishing results.

Our yearend issue takes some inspiration from that approach. We've tried to take all the contradictions and complexity of 2010 and make sense of them. Grouping the year into chapters—Normal, Jobs, Spills, Stuck, Currency, and Gaga—our writers, editors, photographers, art directors, and graphic whizzes collaborated to show all the ways in which diverse stories link up, sometimes in linear fashion, sometimes with unexpected leaps such as the price of gasoline, measured in bacon. We think it's unlike any previous issue of *Bloomberg Businessweek*. One thing's certain: It ain't dull.

——Josh Tyrangiel



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"What is a danger is that we stay stuck in a New Normal where unemployment rates stay high, people who have jobs see their incomes go up, businesses make big profits. But they've learned to do more with less, and so they don't hire."
—Barack Obama, Nov. 7, 2010

Normal

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How did things in 2010 ever get so…normal? All year long, the notion of a New Normal of reduced expectations dominated the national debate about the economy and its future. Voicing his fears of a slow-growth, higher-inequality "New Normal" on *60 Minutes* on Nov. 7, President Obama was merely the latest to test drive a phrase that went viral in the summer of 2009, after Pimco's Bill Gross used it in an investor letter. In this extended New Normal, the bond fund manager wrote: "Growth is slower, profit margins are narrower, and asset returns are smaller than in decades past." It's a time of steadily high unemployment, slow-moving credit, and budget cuts. Normal, in this context, is the last thing anyone wants. ● Strange to find, then, that the New Normal is as old as hard times. In 1920, Warren G. Harding campaigned for President on a "return to normalcy"—by which he meant the prosperous isolationism of the pre-World War I era. In 1939, a decade into the worst economic slump in American history, New York City Mayor Fiorello La Guardia remarked: "We must realize that it is not a temporary depression but a New Normal and adjust ourselves accordingly." That year, New York's Central Park was filled with people living in tents, and the world's tallest tower had so many vacancies that it was nicknamed the "Empty State Building." ● Normals feel permanent. They never are. "The old normal, whatever it was at the time, just doesn't stick around very long," says business historian John Steele Gordon. He ticks off panics in 1837, 1857, 1873, 1893, 1907, and the crashes of 1929 and 1987. Most were followed by pretty good times. World War II ended the Depression and was followed by more than two decades of strong growth. The crash of 1987 gave way to the 1990s

11.3%

The increase in the S&P 500 so far this year. Between 1926 and 2009, the index posted an average annual gain of 9.8%.

"The world is on a bumpy journey to a new destination and the New Normal"

—Pimco CEO Mohamed El-Erian, Aug. 16

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The subject was the economy. The setting was Obama's Sept. 20 town-hall meeting in Washington, D.C. The comment, by Velma Hart of Upper Marlboro, Md., started amicably and ended with a plea.









Said Hart: "Quite frankly, I'm exhausted. Exhausted of defending you, defending your Administration, defending the mantle of change that I voted for, and deeply disappointed with where we are right now. And quite frankly, Mr. President, I need you to answer honestly, is this my new reality?"











Hart, who was the CFO of veterans group Amvets, lost her job in November, around the same time Obama lost Congress.



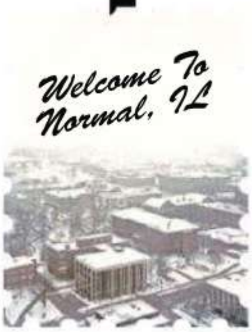




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Postcards From Normal

In early December, *Bloomberg Businessweek* visited Normal, a town of 52,750 in Central Illinois, about 130 miles from Chicago. The community, home to Illinois State University, is weathering many of the problems troubling towns across the country as the U.S. emerges from the recession.



boom. The dot-com bust of the early 2000s then gave way to the real estate bubble, which burst into...this New Normal. ● As economic eras go, this one has already worn out its welcome. Two years after the global financial system very nearly collapsed, the U.S. is still climbing out from the wreckage. Unemployment remains stubbornly near 10 percent. The Federal Reserve, White House, and Congress seem to be pushing on stimulative strings, with short-term interest rates lingering near zero. According to property tracker Zillow, $9 trillion in home value has been lost since prices peaked in 2006, while the Federal Deposit Insurance Corp. has seized 319 banks since 2007. ● "It's totally different this time," says Mike Marinaro, owner of an engineering consulting firm in suburban Indianapolis. Over the past two years, he had to lay off his four employees and shell out for Cobra medical coverage when his wife lost her job with the public school system. Next month, Marinaro's youngest daughter graduates from college with only a six-week internship lined up, around the time Cobra runs out. Marinaro says he's on the brink of shutting down his firm—"You used to be able to plan," he says—and it doesn't matter that he can get a home equity line of credit for 2.24 percent. ● So here we are; how long will we stay? "Characterizing this as the New Normal is a misnomer and misdirection," says James Paulsen, chief investment strategist of Wells Capital Management. "There's this concept everywhere that, 'Hey, this is it. It just has to be.'" Yet already, not all the indicators are depressingly "normal," Paulsen notes, pointing out that the current economic recovery is actually stronger than the last two (in 2001 and 1991) in terms of profits, real gross domestic product growth, and job creation (page 28), even though employment remains unusually depressed. Companies are making money, though they're still not spending much of it. ● Sooner or later, this normal will pass. When it does, we'll look back on developments that helped give it a peculiar flavor of its own. This is the year we got used to streaming video, unusually oppressive summers (page 22), bike-sharing, flash sales, 9.6 percent unemployment, and free shipping. It might not be much to look at, but it's our own New Normal, until the next one comes along. —**Roben Farzad**

New Normal, a two-year-old filly, earned $152,178 in 2010, winning two races in four starts. She is the offspring of a 12-year-old mare named New Economy.



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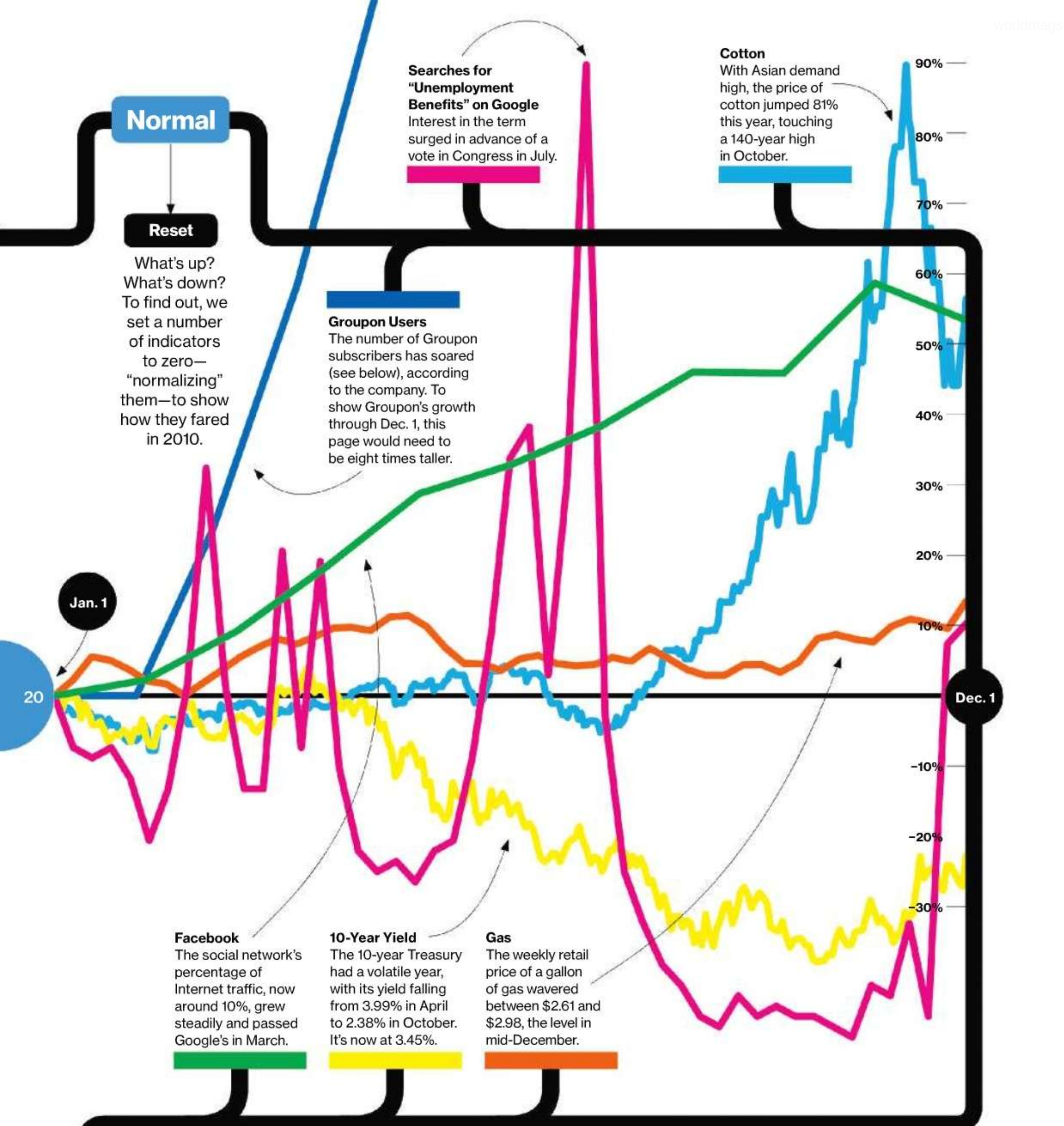
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Flash Is Normal

Mania over flash sales—deep markdowns offered for a limited time at members-only websites such as Gilt Groupe, One Kings Lane, and ideeli—reached a fever pitch in December, when two-year-old, Chicago-based Groupon spurned Google's $6 billion takeover bid. Groupon's subscriber base, 2.2 million in January, will have mushroomed to an estimated 50.6 million by yearend. Discount retail is now so pervasive that market research firm Interpret said in its September report, "The Rise of Social Commerce," that 22 of 25 top online retailers offer a form of flash sale on their websites.

DATA: BLOOMBERG, U.S. ENERGY INFORMATION ADMINISTRATION, EXPERIAN HITWISE, GOOGLE, GROUPON

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The Big Heat

A blistering summer, degree by degree

2010 was the hottest year on record, according to NASA, which uses data going back 131 years. Perhaps more critical to statisticians, it was yet another scorcher in the 2001-10 decade, the warmest 10 years on record. More than a dozen highs were set, including a high of 128.3F for Mohenjo Daro, Pakistan, in May. The month of July, shown in this temperature map, was the hottest recorded on land. (The redder a region, the further above average the temperature was.)

DEGREES OFF AVERAGE (F)

9	to	10.4
5.4	to	9
3.1	to	5.4
1.8	to	3.1
1	to	1.8
0.4	to	1
−0.4	to	−1.1
−1.1	to	−1.8
−1.8	to	−3.1
−3.1	to	−5.4
−5.4	to	−6.7

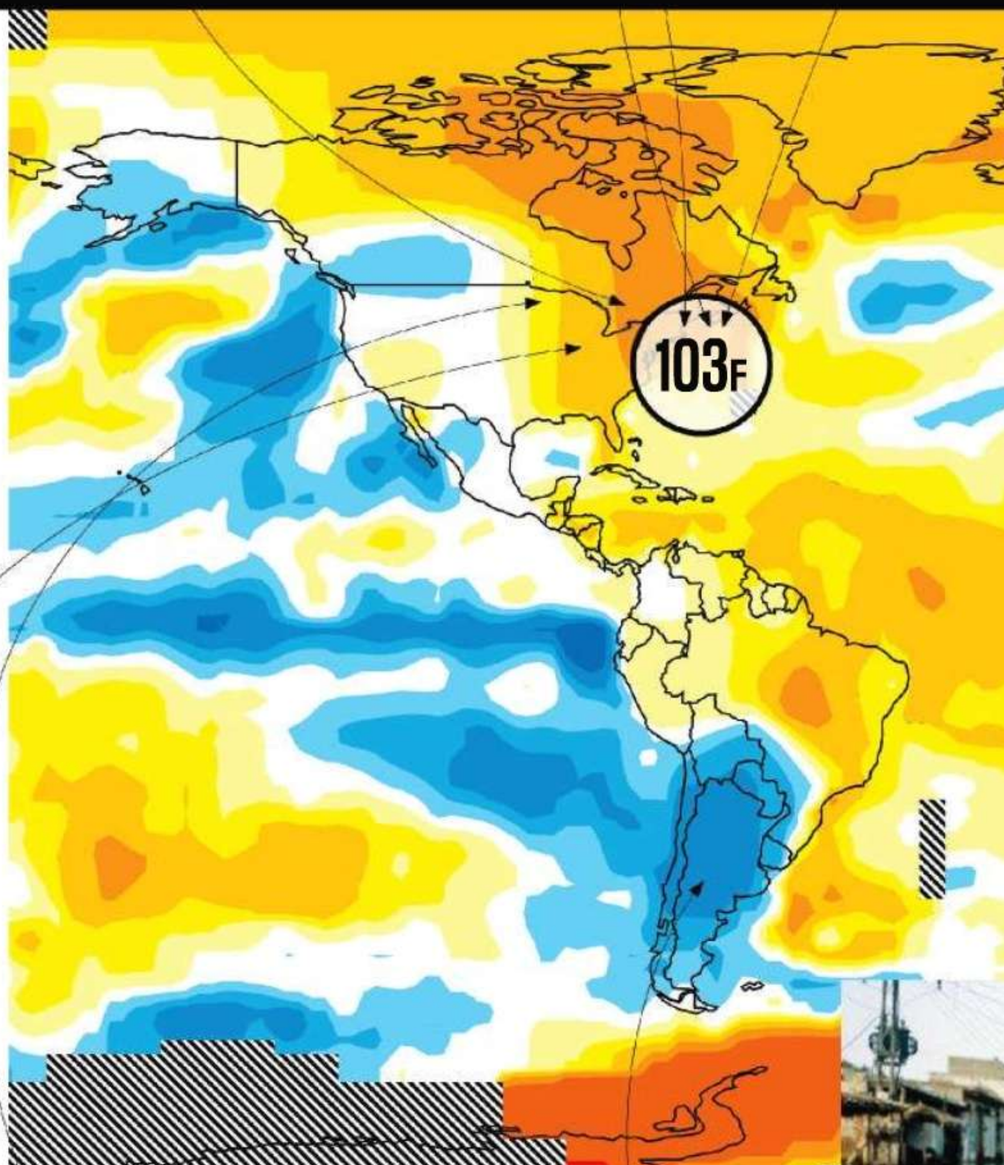
OTTAWA

July 5 Because of the heat, Montfort Hospital reports its highest number of admissions in a single day.

NEW YORK CITY

July 5 The temperature reaches 103F in Central Park at 3:11 p.m., breaking the record of 101F for the day set in 1999. Con Edison later reports it delivered more electricity in July than in any month ever.

"I can never remember a period like that, where the tornado warnings just became the norm around here."
—Lee Goldberg, ABC7 meteorologist in New York, on having to announce so many tornado warnings, July 26



Postcards From Normal

NORMAL, ILL.

Normal's average temperature is two degrees higher than normal this July

VIVIAN, S.D.

July 23 Record-breaking hailstones fall, including the largest ever logged, 8 inches in diameter. (Hail is a product of summer thunderstorms; the more turbulent the storm, the larger the stones.) The hailstone would have



been even bigger at measurement time if the freezer it was stored in hadn't lost power and the owner hadn't kept showing it off.

SOUTH AMERICA

Mid-July Some regions, such as southern South America, are cooler than average; the extent of ice coverage in Antarctica is the largest since 1979.



PHOTOS: FROM LEFT: NATIONAL WEATHER SERVICE/WENN/NEWSCOM; GIDEON MENDEL FOR ACTION AID/IN PICTURES/CORBIS; YURI KOCHETKOV/EPA/CORBIS; DATA: JEFF MASTERS, WEATHER UNDERGROUND; NASA; NOAA.

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BRONX COUNTY, NEW YORK

July 25 A tornado touches down, the second on record and the first since 1974.



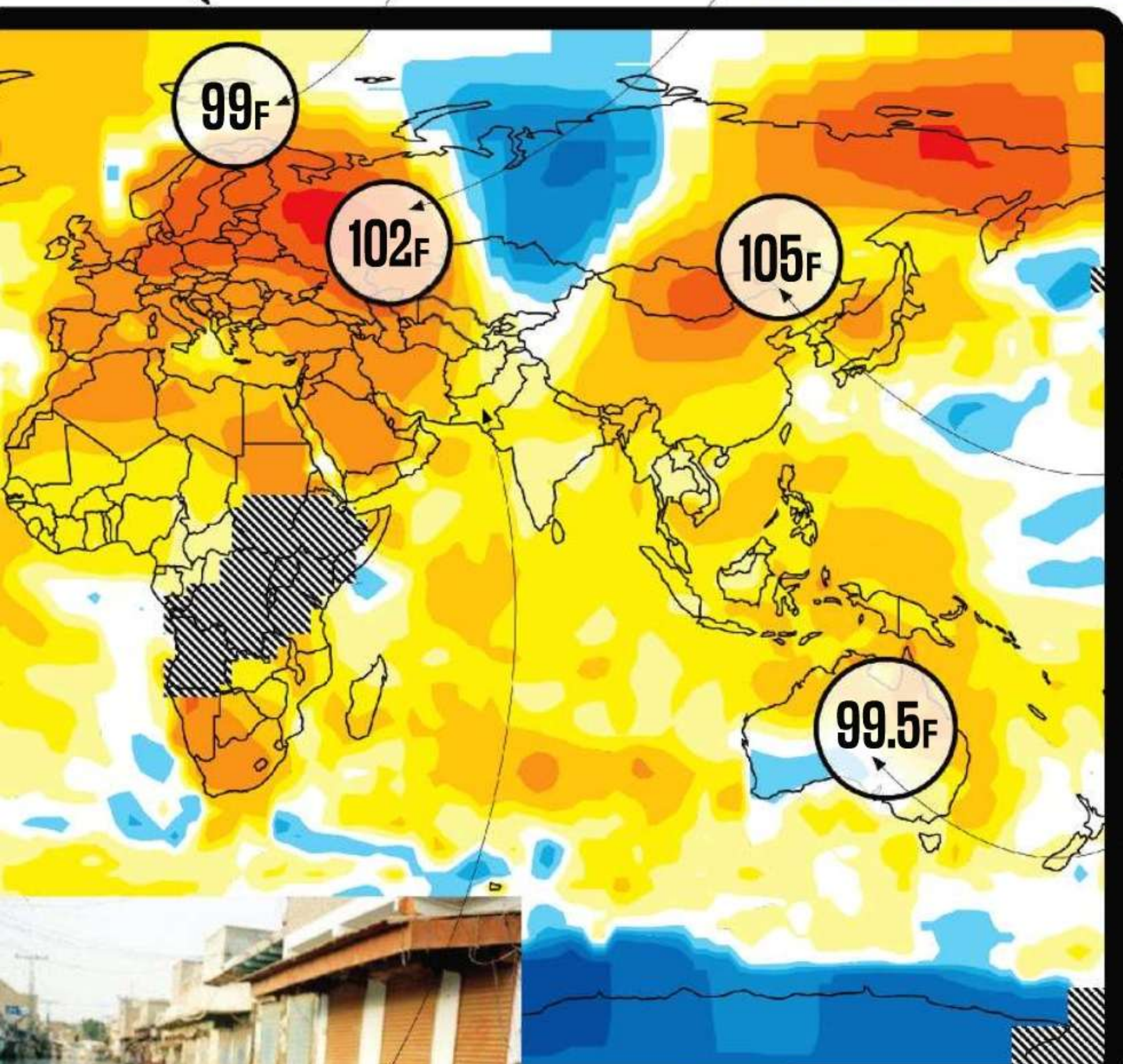
JOENSUU, FINLAND

July 29 Across the country, parents are advised to keep their children out of the sun.

MOSCOW

July 30 July is the warmest recorded month in Russia. Many seek relief in rivers, and more than 1,600 drown. Along with the heat, a layer of smog blankets Moscow, and air masks are common.



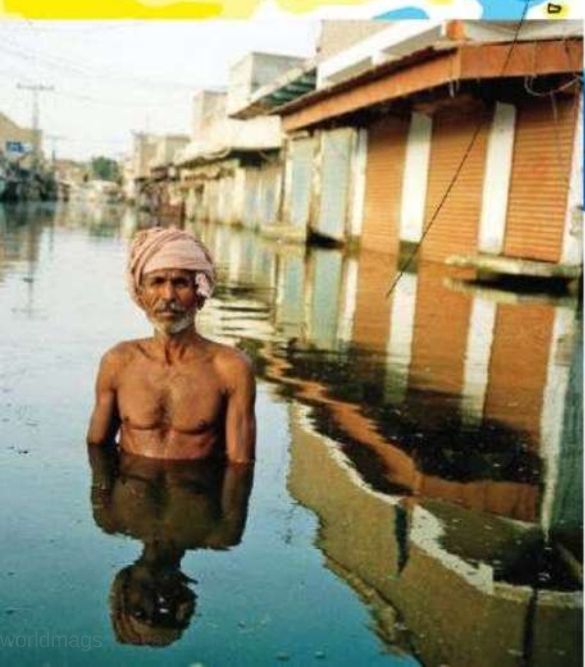


BEIJING

July 5 Highest temperature since records began in 1951. The weather abets locust swarms in several regions of China.

TIMBER CREEK, AUSTRALIA

July 30 July is normally winter for Timber Creek, an aboriginal homeland.



PAKISTAN

July 28-30 The worst flooding in more than 100 years starts. In Peshawar, 12 inches of rain falls. At least 1,500 people die.

"It's the rare becoming normal"

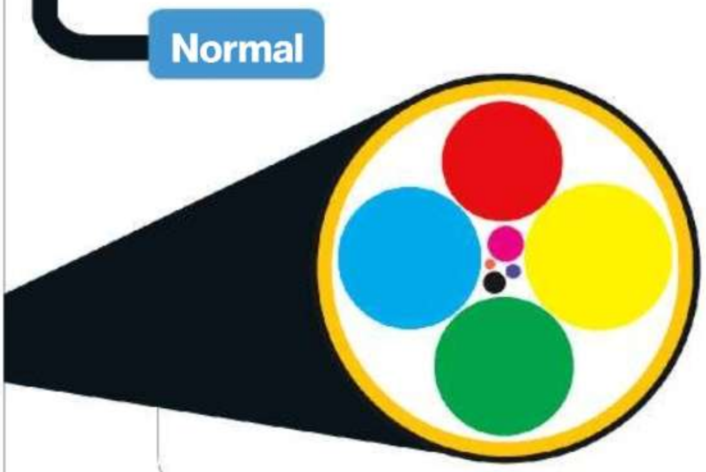
—Noah Diffenbaugh, Stanford University professor of environmental earth system science, on the heat wave of 2010 and the likelihood that once-a-century heat waves will start happening up to five times a decade

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I GOT FORCED.
THEN I GOT...

Microsoft Dynamics CRM Online

DON'T GET FORCED.
GET WHAT FITS.



Transmission Normal

Streaming video, both TV and movies, hogged the screen in 2010. Netflix moved away from rent-by-mail and toward "Watch Instantly." This year streaming video is poised to surpass peer-to-peer sharing (aka pirated files) to become the largest volume of video traffic on the Net, says Cisco Systems.

Application	Traffic Share*
Data	28.1%
Online video	26.2%
P2P File Sharing	24.9%
Other File Sharing	18.7%
Voice and Video Communications	1.7%
PC Gaming	0.7%
E-mail and Instant Messaging	0.3%
Gaming Consoles	0.2%

*PERCENTAGES ROUNDED UP

QR Is Normal

QR codes became normal in 2010. Scan this one and find out more.

Free Is Normal

Possibly prodded by the war between Amazon.com and Diapers.com, shipping fees are going the way of rotary phones. On Nov. 11, Wal-Mart Stores entered the fray, offering free shipping on 60,000 items through the holidays. Best Buy followed suit on Nov. 17. "We've noticed a dramatic increase in the number of merchants offering free shipping this year," says Luke Knowles, founder of Colorado-based Free-Shipping.org, which lists sites offering free shipping. "Walmart.com started a small free-shipping war by offering free shipping on electronics and other items. Best Buy, Target, and others responded." Some of those offers are set to expire in the new year, though Knowles says the number of merchants listed on his site doubled in 2010.

PHOTO: STEFAN RUIZ FOR BLOOMBERG BUSINESSWEEK; DATA: CISCO

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Postcards From Normal



The Normal Theater, located in the Illinois town's Uptown business district, is a restored Art Deco gem that opened in 1937. A ticket there costs $6. The average price for a movie in the U.S. is $7.95, according to Box Office Mojo. In New York and Los Angeles, a night at the movies can cost $12 per seat.

Kindle Is



Any doubts that the mass market would embrace e-readers vanished in July when Amazon said its digital-book downloads had outpaced hardcover sales for the first time. In May, June, and July, for every 100 hardcovers Amazon sold, it sold 143 e-books. The e-tailer also sold more than three times as many digital books in the first half of 2010 as it had in the first half of 2009. Another sign of the e-book's rise: A study by the Association of American Publishers in October showed that digital-book sales from the first 10 months of 2010 totaled $345 million—up 171 percent from the year before. (Hardcover sales were down 7.7 percent in that time.) Kindle, Nook, and iPad may be battling each other, but together they're pulping the hardback.

52

Number of months the Homeland Security Dept. has maintained the aviation threat level at orange, or "high risk of terrorist attacks"

"Normal humans run away from monsters, Bella. And I never claimed to be normal. Just human."
—Edward to Bella in *Twilight Saga: Eclipse*





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Normal

> **"That social norm is just something that has evolved over time."**
> —Mark Zuckerberg to Michael Arrington, arguing that Facebook profiles should be public by default

Public Is Normal

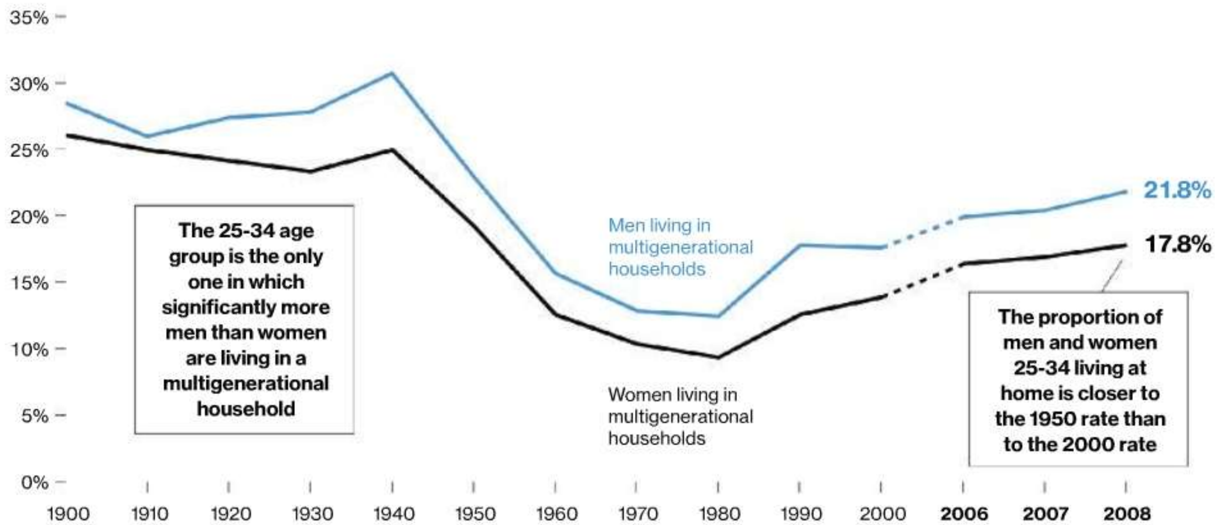
In January, Facebook founder Mark Zuckerberg declared privacy a custom option—not a standard feature—as his site moved to reveal more information about its users. "People have really gotten comfortable not only sharing more information and different kinds, but more openly and with more people," he said in an interview with blogger Michael Arrington. Privacy in 2010 was compromised so routinely that legislators and activists around the world spent considerable time trying to reassert it: Germany is banning Facebook as a way for employers to vet potential employees, and the Federal Trade Commission is proposing a "do not track" button to regulate online privacy. Zuckerberg may be presumptuous, but it's hard to argue with people's embrace of Facebook, perhaps the most efficient method of personal public display ever invented. It passed the 500-million-user mark in July.



Going Home

With jobs scarce even for the most experienced, more and more recent graduates are back at home with Mom and Dad. According to a 2010 report by the Pew Research Center, the downturn has left 37 percent of 18- to 29-year-olds either unemployed or out of the workforce, a high not seen in more than 30 years. That may be one reason the number of 25- to 34-year-olds living with their parents has nearly doubled since 1980. Twentysomething, a consulting firm, finds 85 percent of students planned to return home this year after graduation.

Percent of population in multigenerational households, ages 25-34



PHOTOS: FROM LEFT: ROBERT GALBRAITH/REUTERS; STEFAN RUIZ FOR BLOOMBERG BUSINESSWEEK; DATA: PEW RESEARCH CENTER

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Illinois State University juniors Amanda and Christina Schweinebraten, 20, have been cheerleaders since first grade and plan to coach cheerleading someday. ISU, like many schools, is facing cutbacks. "They struggle like any university system would—public or private," says Normal Mayor Chris Koos. "They continue to get less money every year from the state of Illinois."



92%

Percentage of U.S. children two and under with their photos on the Internet, according to antivirus software maker AVG

13.5%

Portion of the population aged nine and under. That means 42 million Americans have never known a U.S. that wasn't at war.

"I am here to talk today about what has been called the New Normal. For the next several years, preschool, K-12, and postsecondary educators are likely to face the challenge of doing more with less."

—Education Secretary Arne Duncan, Nov. 17

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Normal



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Mitsubishi Motors has made cars in Normal since 1985. In 2000, its best year, the plant produced 222,000 vehicles. In 2004 the plant cut back to a single daily shift and slashed about 1,000 jobs. Things worsened in 2009, the year that General Motors and Chrysler were temporarily nationalized. Normal produced just 8 percent of its 2000 output, while U.S. capacity utilization fell to a post-Depression low of just 68 percent. Things are somewhat better for Normal, and the nation, in 2010. Normal Mayor Koos says he's hoping Mitsubishi headquarters in Japan will pick the city to produce a new model. "That won't create more jobs," Koos says, "but it will stabilize them."



Photograph by Stefan Ruiz

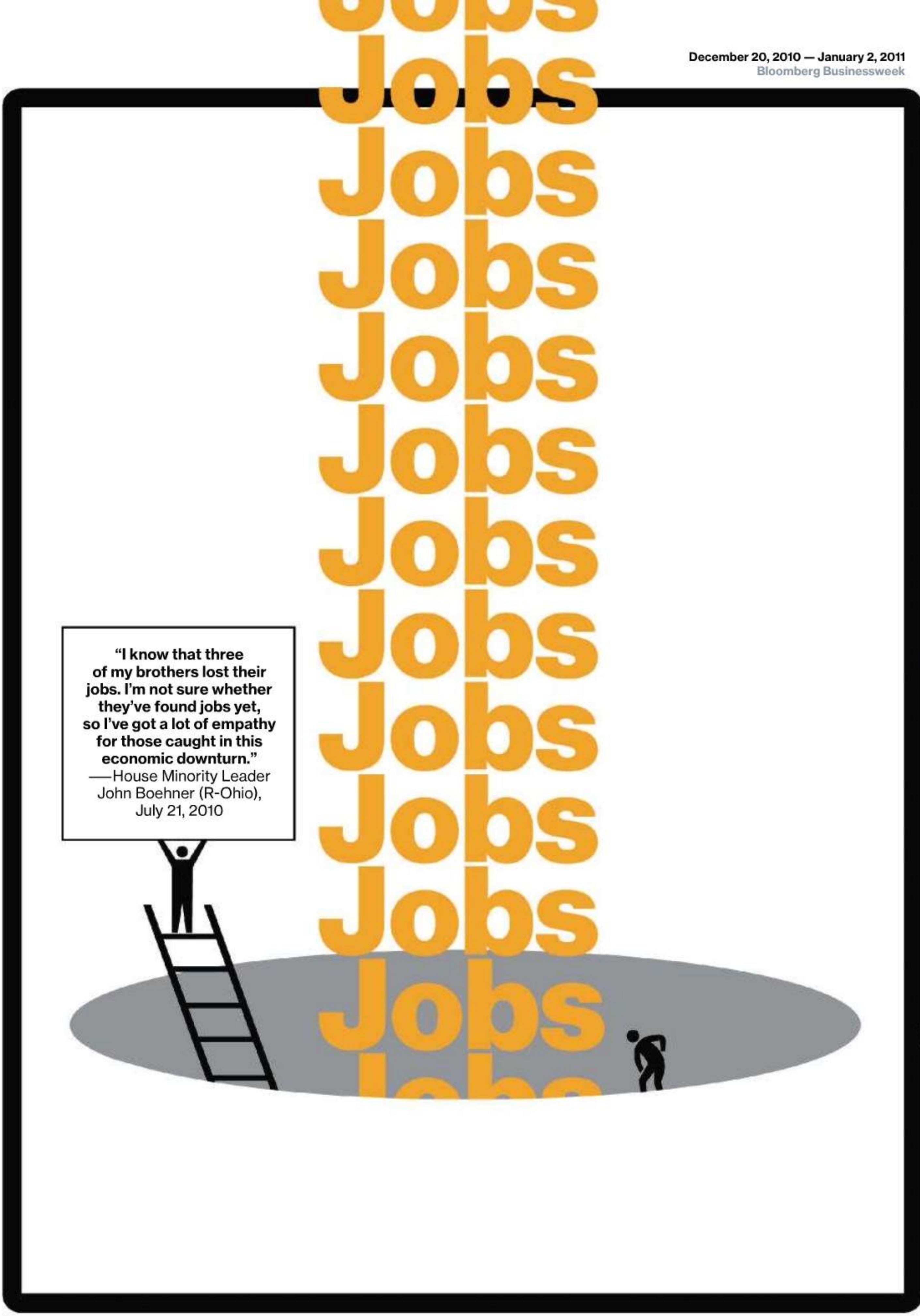
28,800

Number of cars produced at Mitsubishi's Normal factory through November, well below the plant's capacity of 222,000 a year

"No, the New Normal is simply a construction designed to save Obama and the Democrats from any association with this economic collapse.... So the New Normal means if you're not happy, tough toenails. If you're not happy, lower your expectations, 'cause this is it, baby. The New Normal is designed to get you to give up. The New Normal is a creation to get you to go ahead and accept mediocrity in your country."
—Rush Limbaugh, Aug. 16



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Jobs ... Seekers



Waiting to meet representatives of the U.S. Customs and Border Protection agency at a job fair in Humble, Tex., on Feb. 3



In line to meet potential employers on Mar. 10 in New York City, where the unemployment rate is 9.2 percent



PHOTOS: BLOOMBERG(4); AP PHOTO(2); GETTY IMAGES(8); LANDOV(1); REDUX(1); FRANCES M. ROBERTS(11); ZUMA PRESS(1)

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A fair held on Oct. 7 at the Warner Center Marriott in Woodland Hills, Calif., was expected to draw 3,000



SmartCo Foods, which was recruiting new employees in Denver on May 20, has since left Colorado, costing hundreds of jobs



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Jobs



Farmers and ranchers
-8%



Data communication analysts
+53.4%



Postsecondary teachers
+15.1%



Registered nurses
+22.2%



Home health aides
+50%



Construction laborers
+20.5%

Projected growth in workforce by occupation, 2008-2018

Among the many statistics that economic policymakers look to, none matters more than the "jobs number," and 2010 was the year it refused to drop. Today the national unemployment rate hovers near where it began the year, just shy of 10 percent. ● For all its totemic power, the jobs number masks a messier reality. It is only an estimate, like a poll or a Nielsen rating, the product of a complex process of research and calculation. Without understanding the assumptions built into the figure, we can't fully understand what it can and cannot tell us (page 37). ● The poor have always been with us, but the notion of unemployment is more recent. Through the 19th century in Europe and the U.S., there was no need conceptually to separate unemployment and poverty—for everyone except the landed gentry, not working basically meant being poor. English "poor laws" had a distinctly moralistic cast: They required individual parishes to set up almshouses for the "impotent poor" and workhouses for the "able-bodied" poor; beggars and vagrants were thrown in jail and even executed. ● It was the Great Depression that changed public attitudes—the ubiquity of joblessness and the way it reached up into the middle class turned what had been seen as an individual moral failing into something else: a symptom of a sick economy. For the first time, governments tried to count the unemployed. The U.S. released its first numbers in 1940. Appropriately enough, the survey that provided the numbers was a Work Projects Administration initiative meant to employ some of the Depression's jobless millions. ● Central to this calculation is the notion that to count as unemployed one not only has to want work but to be actively searching for it. The Bureau of Labor Statistics household survey from which the rate is derived defines someone as unemployed only if he or she has searched for a job in the past four weeks: by sending out a résumé, for example, or placing an ad. This makes sense—those not even trying are unlikely to get hired. As the BLS sees it, they are not even part of the labor force. Still, that means the official stat leaves out a lot of men and women who are not working because of the



Security guards
+14.2%



Sewing machine operators
-33.7%



Landscapers and groundskeepers
+18%



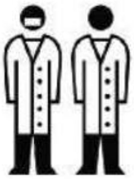
Carpenters
+12.9%



Cooks
+14.6%



Postal Service clerks
-18%



Physicians and surgeons
+21.8%



Customer service representatives
+17.7%



File clerks
-23.4%



Truck drivers
+13%



Management analysts
+23.9%



Waiters and waitresses
+6.4%

DATA: EMPLOYMENT PROJECTIONS PROGRAM, U.S. LABOR DEPT., U.S. BUREAU OF LABOR STATISTICS

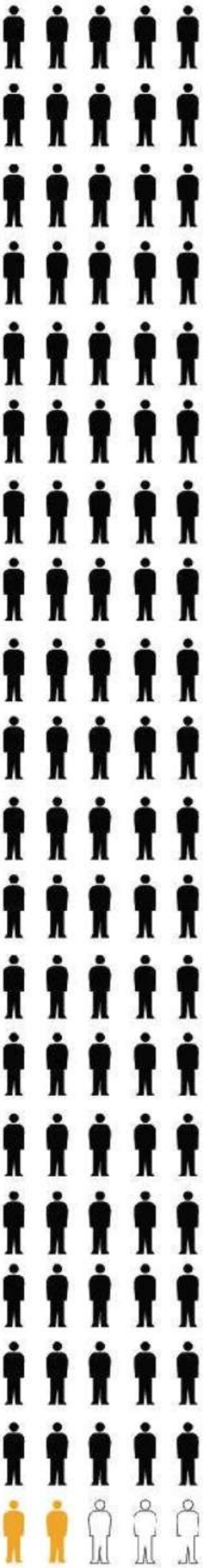
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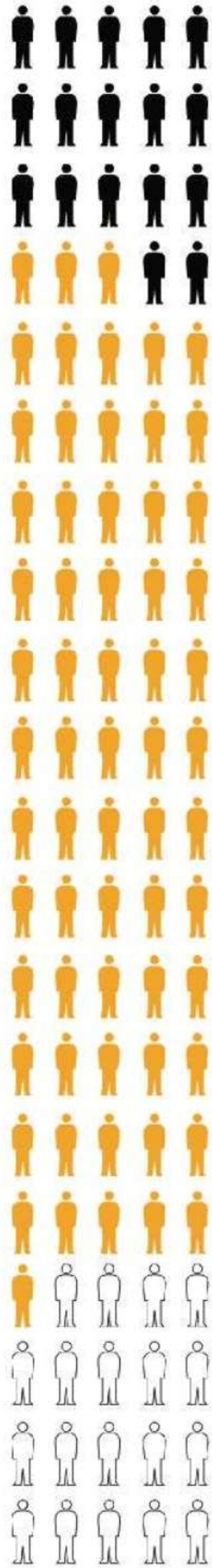


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particularly grinding nature of this economy. ● The BLS does keep track of these nonemployed workers; it just doesn't categorize them as unemployed. Instead, it describes them as "marginally attached to the labor force." These are people who do not have a job, who would like one, and who have looked in the past year, though not the past four weeks. Many report that they had to stop searching for personal reasons—school or illness or family responsibilities—while others say they are not looking because, in essence, they have given up. That subset is called, aptly, "discouraged workers." If the jobs number included all of these nonworkers, the November 2010 rate of 9.8 percent would climb to 11.3 percent. ● Now consider those who are officially counted as employed but who are only working part-time because part-time work is all they can find. If these not-by-choice part-timers are added in, the percentage—no longer an unemployment rate, but something like a measure of the total labor underutilization of the economy—climbs to 17 percent. It's a significantly grimmer picture. ● What even that bleak figure leaves out, though, is the dynamic nature of the labor market. No matter what the unemployment rate, workers are constantly moving into and out of the labor force. Even as one middle manager or mechanic is being fired, another somewhere else is getting hired, and while a freshly minted college graduate is just hitting the job circuit, his or her grandfather is preparing to retire. There is a cyclical, often seasonal quality to labor flows—retail companies hire to deal with the holiday rush, construction picks up in the spring and slacks off in the fall, and the beginning of summer sees the labor force expand when students start their school breaks. The official unemployment number controls for these factors and many others. ● What worries economists today is not just the size of the unemployment number but how this flow has slowed and, for a large portion of the labor force, become stagnant. Today, 6.3 million Americans have been unemployed for more than 27 weeks. In December 2007, when the recession started, only 1.3 million were stuck in that category. These are workers who are not giving up, who are still answering ads and attending networking events and contacting employment agencies. For more than six months they've been unable to find a job, yet haven't quit the fight and dropped into the ranks of the discouraged and marginally attached. They've remained determinedly, even defiantly, part of the "jobs number." ——**Drake Bennett**



A month in the workforce

For every 100 people **employed** in October, by November...

...**95** are still employed.
2 have lost their jobs.
3 have dropped out of the labor force.

For every 100 people **unemployed** in October, by November...

...**17** have found jobs.
64 are still unemployed.
19 have dropped out of the labor force.

DATA: CURRENT POPULATION SURVEY, U.S. BUREAU OF LABOR STATISTICS

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The Story of 9.8%

How to measure unemployment, courtesy of the U.S. Bureau of Labor Statistics

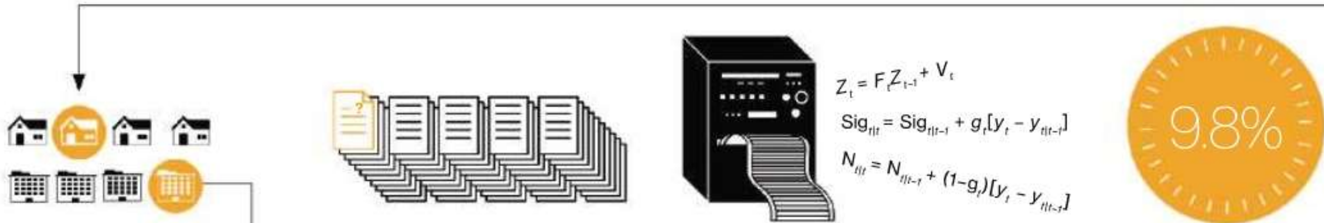


❶ The Bureau of Labor Statistics draws data from payrolls and households, dividing the country into several types of units. We'll use Nebraska as an example.

❷ States are divided into "strata," areas representing different characteristics of a state's population (ethnicity, income, education, etc.).

❸ Strata are composed of primary sampling units...

❹ ...which are in turn made up of counties or major metropolitan areas...



$$Z_t = F_t Z_{t-1} + V_t$$

$$Sig_{t|t} = Sig_{t|t-1} + g_t[y_t - y_{t|t-1}]$$

$$N_{t|t} = N_{t|t-1} + (1-g_t)[y_t - y_{t|t-1}]$$

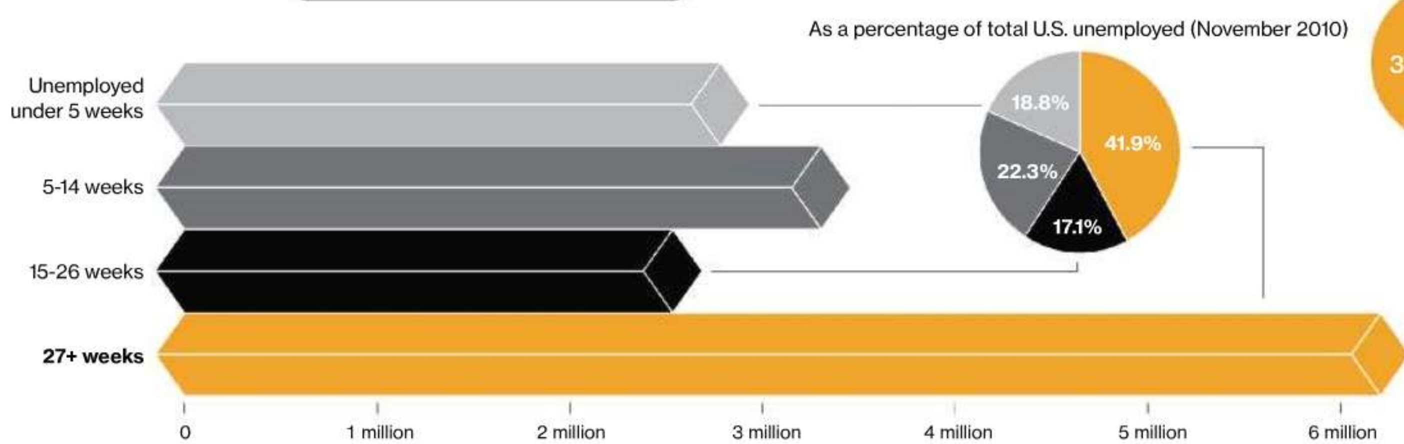
❺ ...which contain the houses, apartments, and other dwellings that the BLS randomly selects to be surveyed.

❻ 2,200 BLS employees administer a survey to 60,000 households each month, covering approximately 110,000 individuals.

❼ The data are seasonally adjusted with the sinister-sounding X-12 ARIMA software, which controls for factors such as changes in weather, major holidays, "and the opening and closing of schools."

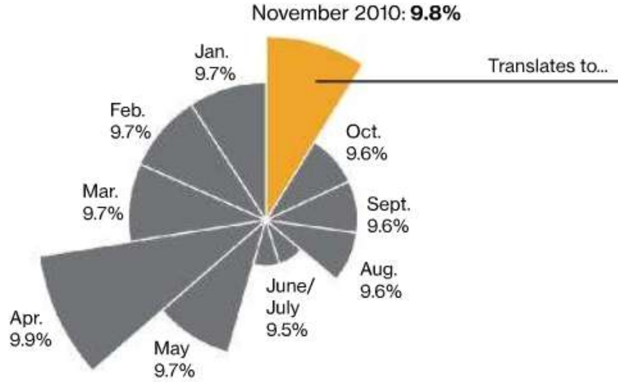
❽ The unemployment report is released to the public, and the arguing begins.

Duration of Unemployment



The 2010 Unemployment Rate

2010's unemployment rate peaked in April and is now 9.8%, after hovering at 9.6% for three months.



Joblessness, the Whole Nine Yards

The monthly unemployment rate doesn't show the entire picture. The BLS segments the population in other, more inclusive ways that indicate the full scope of the problem.

15,100,000 people counted by the BLS as "unemployed." But that doesn't take into account...

\+ **1,300,000** ..."discouraged workers" who have given up looking for work because they don't think they'll find any...

\+ **1,200,000** ...people who want a job but aren't actively looking for other reasons (family responsibilities, for example)...

\+ **9,000,000** ...people who are underemployed (part-timers who would prefer full-time work).

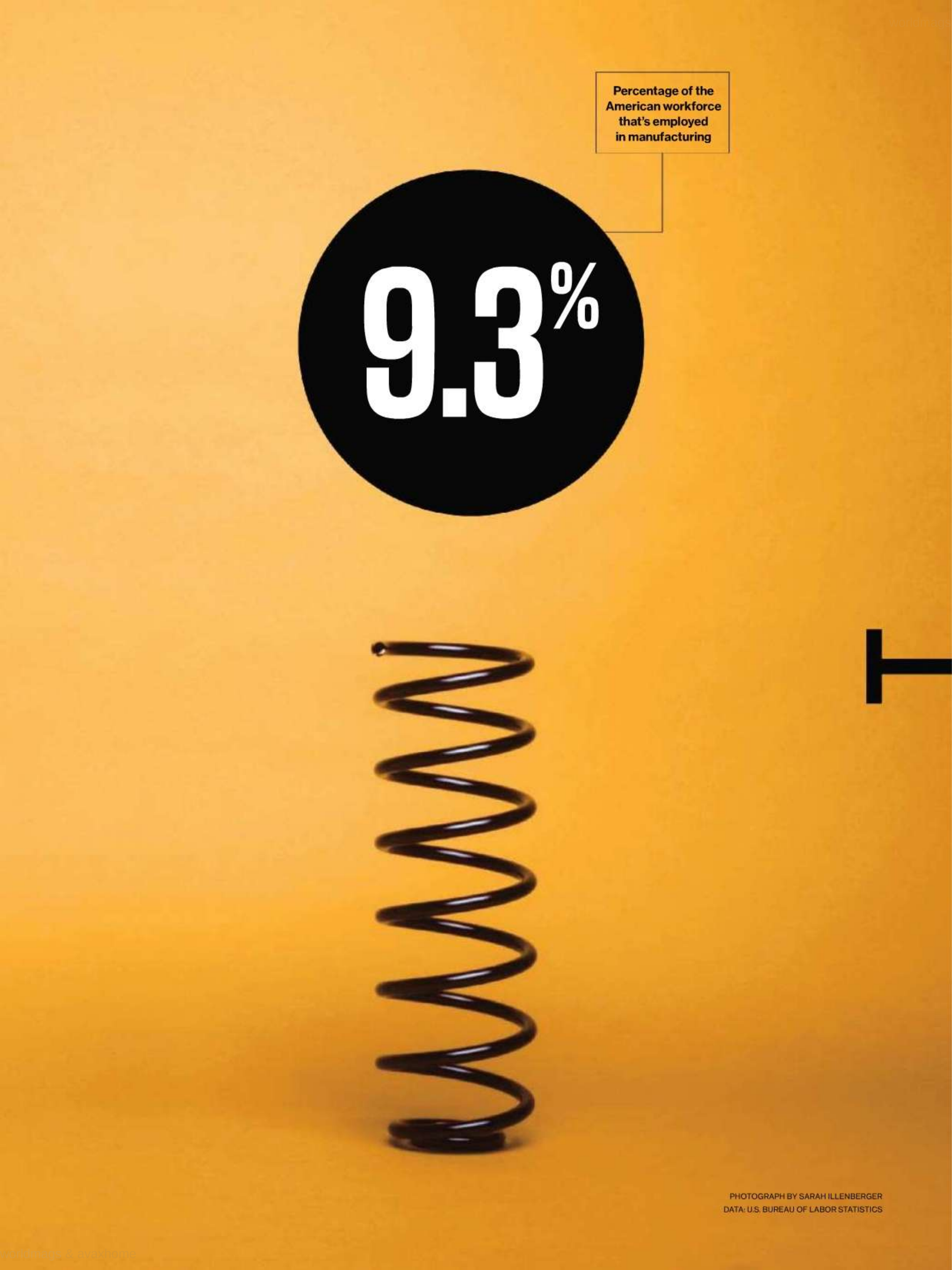
= **26,600,000** **American workers who are jobless or underemployed, which comes out to 17% of the labor force.**

DATA: CURRENT POPULATION SURVEY, U.S. BUREAU OF LABOR STATISTICS

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Percentage of the American workforce that's unemployed
9.8%
Jobs

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PHOTOGRAPH BY SARAH ILLENBERGER
DATA: U.S. BUREAU OF LABOR STATISTICS

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Jobs

Hiring Behemoth

937,000

Total U.S. nonfarm jobs added in 2010

300,000+

Jobs Foxconn added in 2010

14
Confirmed number of Foxconn worker suicides in 2010

Taiwan-based Foxconn, maker of iPhones, iPads, and laptops, employs more than 1 million workers in China, and it's looking for more

Bank Jobs and Inside Jobs

220mn

Identities

Kingpin Albert Gonzalez was convicted of running a cybertheft gang that stole data linked to over 220 million debit and credit cards taken from TJX, Heartland Payment Systems, and other companies—mostly while he was a Secret Service informant.

$?mn

Source Code

On his last day at Goldman Sachs, programmer Sergey Aleynikov stole proprietary high-frequency trading code "worth millions" according to the FBI, which he took to a meeting with his new employer. He was convicted of theft of trade secrets.

317%

People

Since 2005, Mexico's kidnapping rate has increased by more than 300 percent, averaging 3.76 cases reported daily, according to the University of San Diego's Trans-Border Institute. Three kidnappings are estimated for every one reported.

$$$,$$$

Diplomacy

An impostor masquerading as a senior Taliban commander duped U.S. officials into ferrying him around in a NATO aircraft and paying him hundreds of thousands of dollars to take part in peace negotiations with Afghan leaders.

1,700

Shoes

A man in Seoul allegedly pilfered 1,700 pairs of designer shoes, mostly from funeral parlors, where guests customarily remove their footwear. In 2008 the same man was caught with a stash of 1,200 pairs.

299

Pelts

A 22-year-old American flutist confessed to stealing 299 rare bird skins from the Natural History Museum at Tring in England, some of which were irreplaceable. He'd planned to sell the skins to buy a flute.

649

Seafarers

Somali pirates hold at least 35 foreign vessels and 649 hostages, including a South African yachting couple, according to Ecoterra International. In November pirates received a record ransom of $10 million for a South Korean supertanker.

$123mn

Art

A lone burglar climbed through a window of the Musée d'Art Moderne in Paris and lifted five paintings by Picasso, Matisse, Modigliani, Braque, and Léger worth a total of $123 million. The paintings are still missing.

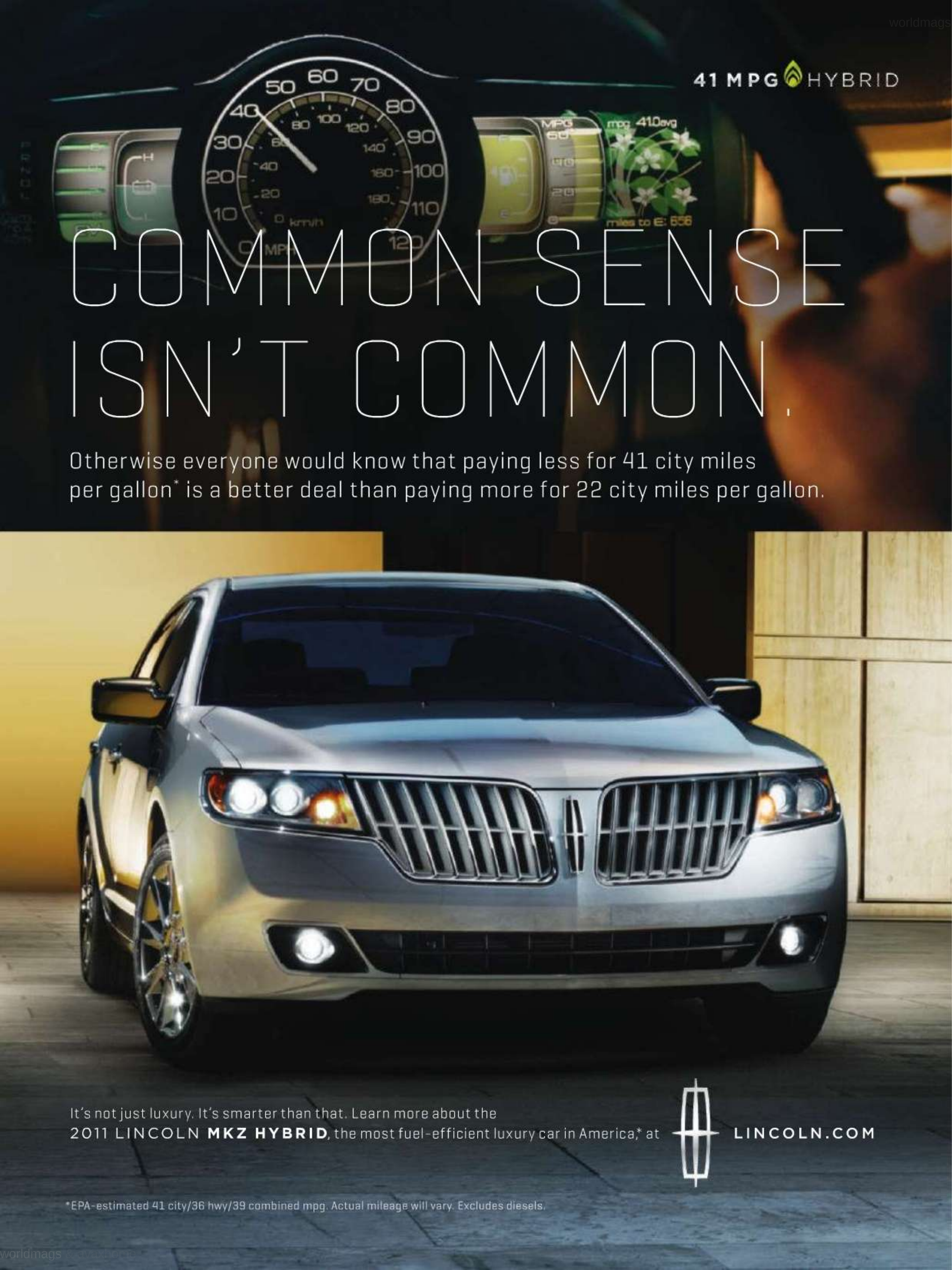
$76mn

Pharmaceuticals

Thieves broke into an Eli Lilly warehouse in Enfield, Conn., and stole $76 million worth of drugs, mostly antidepressants. Since 2006, annual pharmaceutical heists have more than quadrupled, from 12 to 53.

DATA: U.S. BUREAU OF LABOR STATISTICS, FOXCONN TECHNOLOGY GROUP, NEWS REPORTS

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41 MPG HYBRID
COMMON SENSE ISN'T COMMON.
Otherwise everyone would know that paying less for 41 city miles per gallon* is a better deal than paying more for 22 city miles per gallon.
It's not just luxury. It's smarter than that. Learn more about the 2011 LINCOLN MKZ HYBRID, the most fuel-efficient luxury car in America,* at
LINCOLN.COM
*EPA-estimated 41 city/36 hwy/39 combined mpg. Actual mileage will vary. Excludes diesels.
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State-by-State Unemployment

	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.
NORTH DAKOTA	4.2	4.1	4.0	3.8	3.6	3.6	3.6	3.7	3.7	3.8
SOUTH DAKOTA	4.8	4.8	4.8	4.7	4.6	4.4	4.4	4.5	4.4	4.5
NEBRASKA	4.7	4.8	5.0	5.0	4.9	4.9	4.7	4.6	4.6	4.7
NEW HAMPSHIRE	7.0	7.1	7.0	6.7	6.4	5.9	5.8	5.7	5.5	5.4
VERMONT	6.7	6.6	6.6	6.4	6.2	6.0	6.0	6.0	5.8	5.7
HAWAII	6.9	6.9	6.9	6.7	6.6	6.3	6.4	6.4	6.4	6.4
IOWA	6.6	6.7	6.8	6.9	6.8	6.7	6.8	6.8	6.7	6.7
KANSAS	6.5	6.5	6.5	6.5	6.6	6.5	6.5	6.5	6.6	6.7
WYOMING	7.6	7.5	7.3	7.1	7.0	6.8	6.7	6.8	6.8	6.7
VIRGINIA	6.9	7.2	7.3	7.2	7.1	7.0	6.9	6.9	6.8	6.8
OKLAHOMA	6.7	6.8	6.6	6.6	6.7	6.8	6.9	7.0	6.9	6.9
MINNESOTA	7.3	7.3	7.3	7.1	7.0	6.8	6.9	7.0	7.0	7.1
MONTANA	6.8	6.9	7.1	7.1	7.2	7.3	7.3	7.4	7.4	7.3
MARYLAND	7.5	7.7	7.7	7.5	7.3	7.1	7.1	7.3	7.4	7.4
MAINE	8.2	8.3	8.2	8.1	8.0	8.0	8.1	8.0	7.7	7.4
UTAH	6.8	7.1	7.2	7.3	7.3	7.2	7.2	7.4	7.5	7.6
ARKANSAS	7.6	7.7	7.8	7.8	7.7	7.5	7.4	7.5	7.7	7.8
WISCONSIN	8.7	8.7	8.8	8.5	8.2	7.9	7.9	7.9	7.8	7.8
ALASKA	8.5	8.5	8.5	8.4	8.2	7.9	7.7	7.7	7.7	7.9
LOUISIANA	7.4	7.3	6.9	6.7	6.8	7.0	7.2	7.6	7.8	8.1
TEXAS	8.2	8.2	8.2	8.3	8.3	8.2	8.2	8.3	8.1	8.1
MASSACHUSETTS	9.5	9.5	9.3	9.2	9.2	9.0	9.0	8.8	8.4	8.1
NEW YORK	8.8	8.8	8.6	8.4	8.3	8.2	8.2	8.3	8.3	8.3
DELAWARE	8.9	9.2	9.2	9.0	8.8	8.5	8.4	8.4	8.3	8.3
COLORADO	7.4	7.7	7.9	8.0	8.0	8.0	8.0	8.1	8.2	8.4

North Dakota
Mining and logging jobs grew 36 percent from last October.

South Dakota
Financial services lost 2,000 jobs over the year; professional services gained 2,000, more than any other industry.

Nebraska
Education, health services, and government added 3,000 jobs.

Wisconsin
After shedding 80,000 jobs in 2008 and 2009, the state's vital manufacturing base has gained back 10,000 so far this year.

Alaska
From June through August, mining and logging jobs increased by more than 15 percent over last year. Manufacturing also gained, with near-12 percent job growth over the same period last year.

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NEW MEXICO	8.5	8.7	8.8	8.7	8.4	8.2	8.2	8.3	8.2	8.4
PENNSYLVANIA	8.8	8.9	9.0	9.0	9.2	9.2	9.3	9.2	9.0	8.8
ALABAMA	11.1	11.1	11.0	11.0	10.7	10.3	9.7	9.2	8.9	8.9
IDAHO	9.3	9.5	9.4	9.1	9.0	8.8	8.8	8.9	9.0	9.1
WASHINGTON	9.3	9.4	9.5	9.3	9.2	9.0	8.9	9.0	9.1	9.1
CONNECTICUT	9.0	9.1	9.2	9.0	8.9	8.8	8.9	9.1	9.1	9.1
NEW JERSEY	9.9	9.9	9.8	9.8	9.7	9.6	9.7	9.6	9.4	9.2
WEST VIRGINIA	9.2	9.5	9.5	9.1	8.9	8.5	8.6	8.8	9.1	9.3
MISSOURI	9.4	9.4	9.5	9.5	9.3	9.1	9.2	9.3	9.3	9.4
TENNESSEE	10.7	10.7	10.6	10.5	10.4	10.0	9.7	9.6	9.4	9.4
ARIZONA	9.2	9.5	9.6	9.5	9.6	9.6	9.6	9.7	9.7	9.5
NORTH CAROLINA	11.1	11.2	11.1	10.8	10.4	10.0	9.8	9.7	9.7	9.6
MISSISSIPPI	11.0	11.5	11.6	11.5	11.4	11.0	10.8	10.0	9.8	9.7
ILLINOIS	11.3	11.4	11.5	11.2	10.8	10.4	10.3	10.1	9.9	9.8
GEORGIA	10.4	10.5	10.5	10.3	10.1	10.0	9.9	10.0	9.9	9.9
OHIO	10.8	10.9	11.0	10.9	10.7	10.5	10.3	10.1	10.0	9.9
INDIANA	9.7	9.8	9.9	10.0	10.0	10.1	10.2	10.2	10.1	9.9
KENTUCKY	10.7	10.9	10.7	10.6	10.4	10.0	9.9	10.0	10.1	10.0
OREGON	10.7	10.5	10.6	10.6	10.6	10.5	10.6	10.6	10.5	10.5
SOUTH CAROLINA	12.5	12.4	12.2	11.5	11.1	10.7	10.7	11.1	11.0	10.7
RHODE ISLAND	12.7	12.7	12.6	12.5	12.3	12.0	11.9	11.8	11.5	11.4
FLORIDA	12.0	12.2	12.3	12.0	11.7	11.4	11.5	11.8	11.9	11.9
CALIFORNIA	12.5	12.5	12.6	12.5	12.4	12.3	12.3	12.4	12.4	12.4
MICHIGAN	14.3	14.1	14.1	14.0	13.6	13.2	13.1	13.1	13.0	12.8
NEVADA	13.0	13.2	13.4	13.7	14.0	14.2	14.3	14.4	14.4	14.2

DATA: U.S. BUREAU OF LABOR STATISTICS, NEWS REPORTS

Below 6% Unemployment · 6%-8% · 8%-10% · 10%-12% · 12+%

South Carolina
In January the state had 7,274 initial jobless claims. In October the number was 3,479.

Rhode Island
After heavy losses in construction, manufacturing, trade, and finance, the state has steadied, losing fewer than 1,000 jobs this year.

Florida
Leisure and hospitality added 17,800 jobs in October, the largest net gain in 20 years. Construction lost 8,600, bringing the total to 334,000 lost since June 2006.

California
The state suffered 558 layoffs of 50 people or more in July. In May, Orange County's public schools cut more than 1,500.

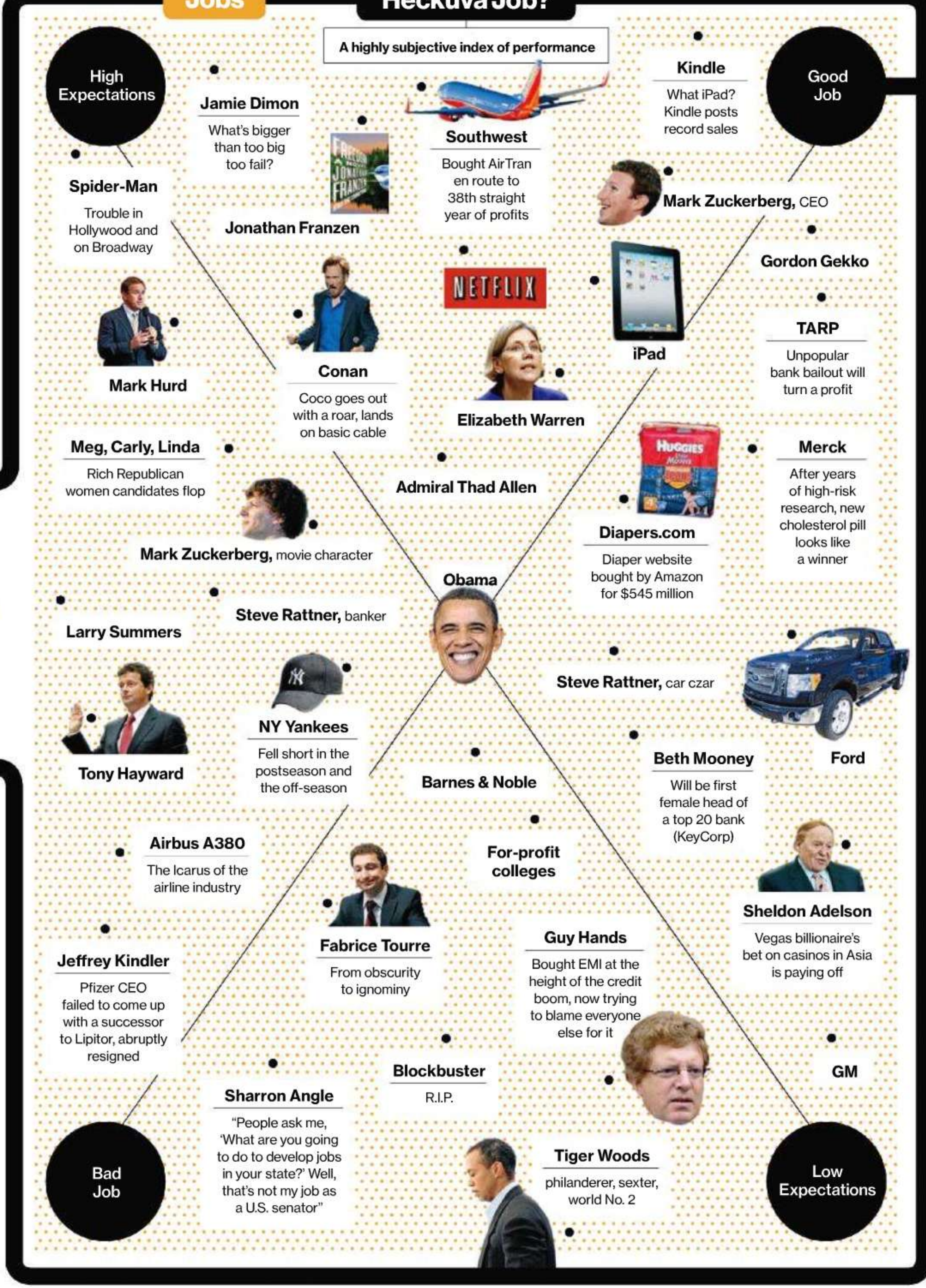
Michigan
Following 118 consecutive months of year-over-year declines in manufacturing jobs, Michigan started to improve in May.

Nevada
Its construction sector has lost 86,000 jobs since the peak in the summer of 2006. Nearly 40,000 jobs in leisure and hospitality have vanished.

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Heckuva Job?

A highly subjective index of performance



PHOTOS: BLOOMBERG(8); AP PHOTO(2); APPLE(1); FARRAR, STRAUS AND GIROUX(1); GETTY IMAGES(5); LANDOV(1)

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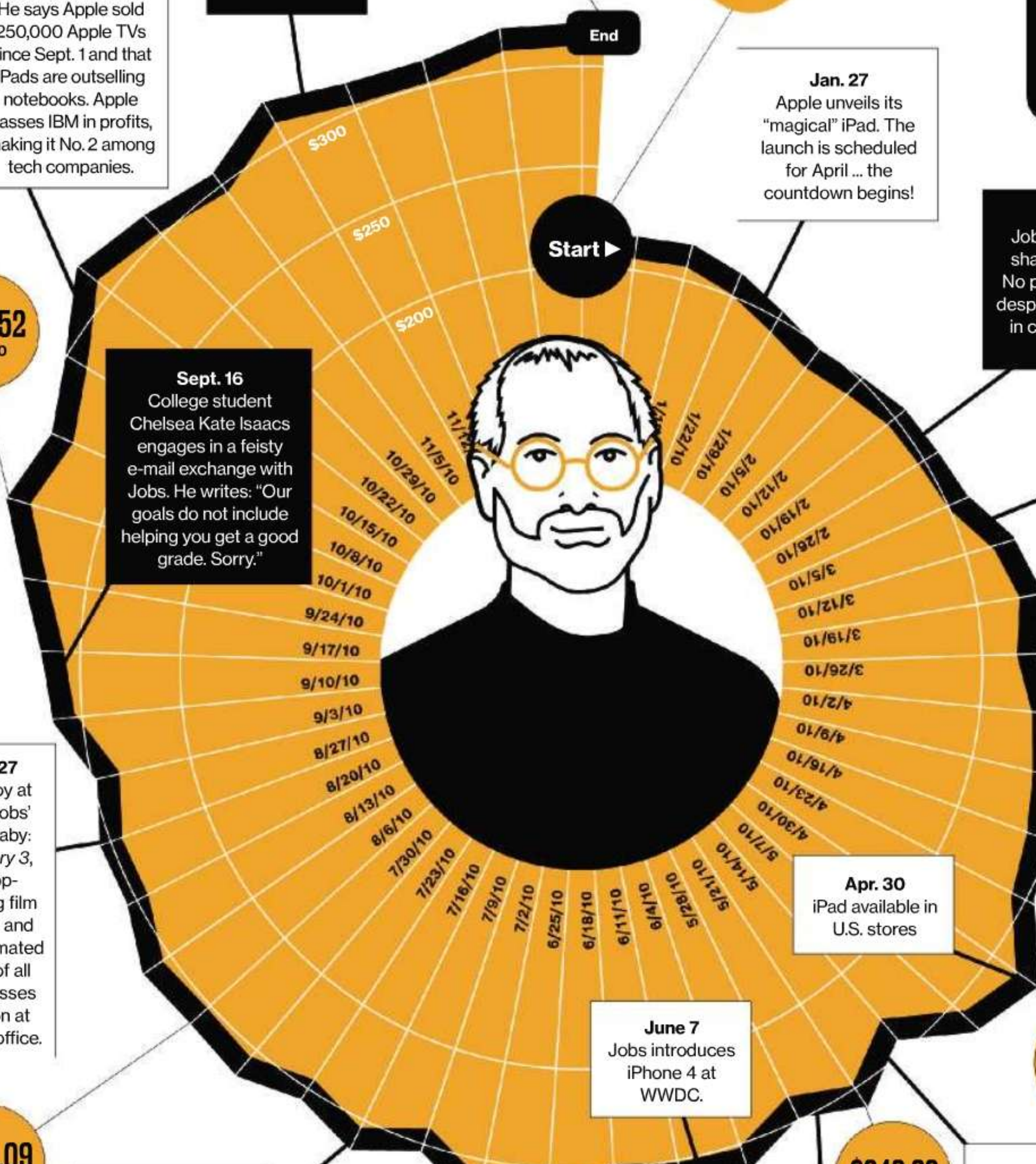
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365 Days of Steve Jobs



Stock Price
$210.73
1/1/10

Jan. 27
Apple unveils its "magical" iPad. The launch is scheduled for April ... the countdown begins!

Feb. 25
Jobs speaks at annual shareholders meeting. No plan to pay dividends despite Apple's $25 billion in cash and short-term securities.

Mar. 7
Jobs at the Academy Awards. Trades his signature jeans and turtleneck for a tux.

Apr. 19
Gizmodo posts a video of the unreleased iPhone 4. Jobs personally contacts Gizmodo editor Brian Lam, demanding its return.

Apr. 30
iPad available in U.S. stores

$261.09
4/30/10

May 15
In an e-mail exchange with Valleywag's Ryan Tate, Jobs defends closed platform and offers "Freedom from Porn."

$242.32
5/21/10

May 26
Apple replaces Microsoft as the most valuable tech company—and briefly becomes the second-most-valuable company in the world by market cap after Exxon.

June 7
Jobs introduces iPhone 4 at WWDC.

June 24
Antenna problems surface after June 23 post on MacRumors.com. Jobs responds by e-mail: "Just avoid holding it in that way."

July 16
Jobs hosts Antenna-gate damage control event. Reveals, "We're not perfect." Offers new iPhone owners free cases.

$260.09
8/6/10

Aug. 27
Much joy at Pixar, Jobs' other baby: *Toy Story 3*, the top-grossing film of 2010 and No. 1 animated movie of all time, passes $1 billion at the box office.

Sept. 16
College student Chelsea Kate Isaacs engages in a feisty e-mail exchange with Jobs. He writes: "Our goals do not include helping you get a good grade. Sorry."

$282.52
10/1/10

Oct. 18
Jobs makes a surprise appearance on the Q4 earnings call. He says Apple sold 250,000 Apple TVs since Sept. 1 and that iPads are outselling notebooks. Apple passes IBM in profits, making it No. 2 among tech companies.

Nov. 16
Beatles go live on iTunes and sell 1.4 million songs in a week.

$320.29
12/14/10

DATA: BLOOMBERG

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Check out TeleNav Track and our other Mobile Workforce Solutions at att.com/employanapp

Rethink Possible℠

AT&T's mobile broadband network is not available in all areas.

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GM

$18,140,100,000
Common Stock

$5,000,000,000
Mandatory Convertible Junior Preferred Stock

Joint Bookrunner
November 2010

GGP

$2,284,568,500
Common Stock

$300,000,000
Revolving Credit Facility

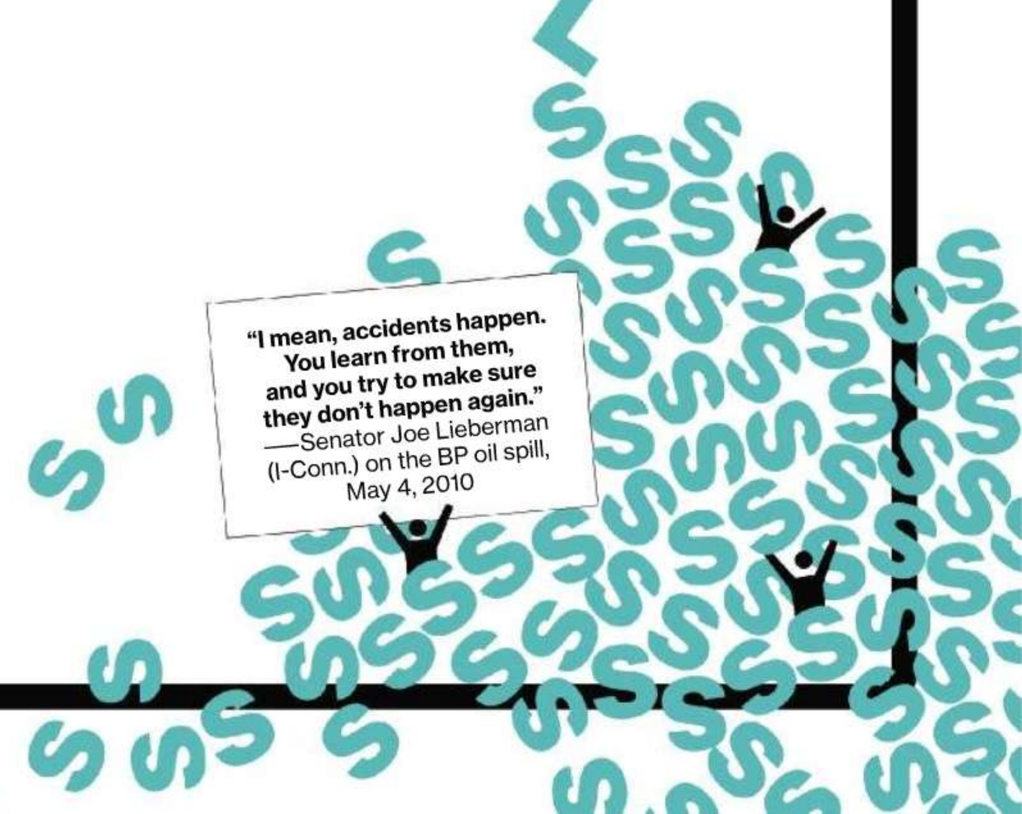
Joint Bookrunner & Joint Lead Arranger
November 2010

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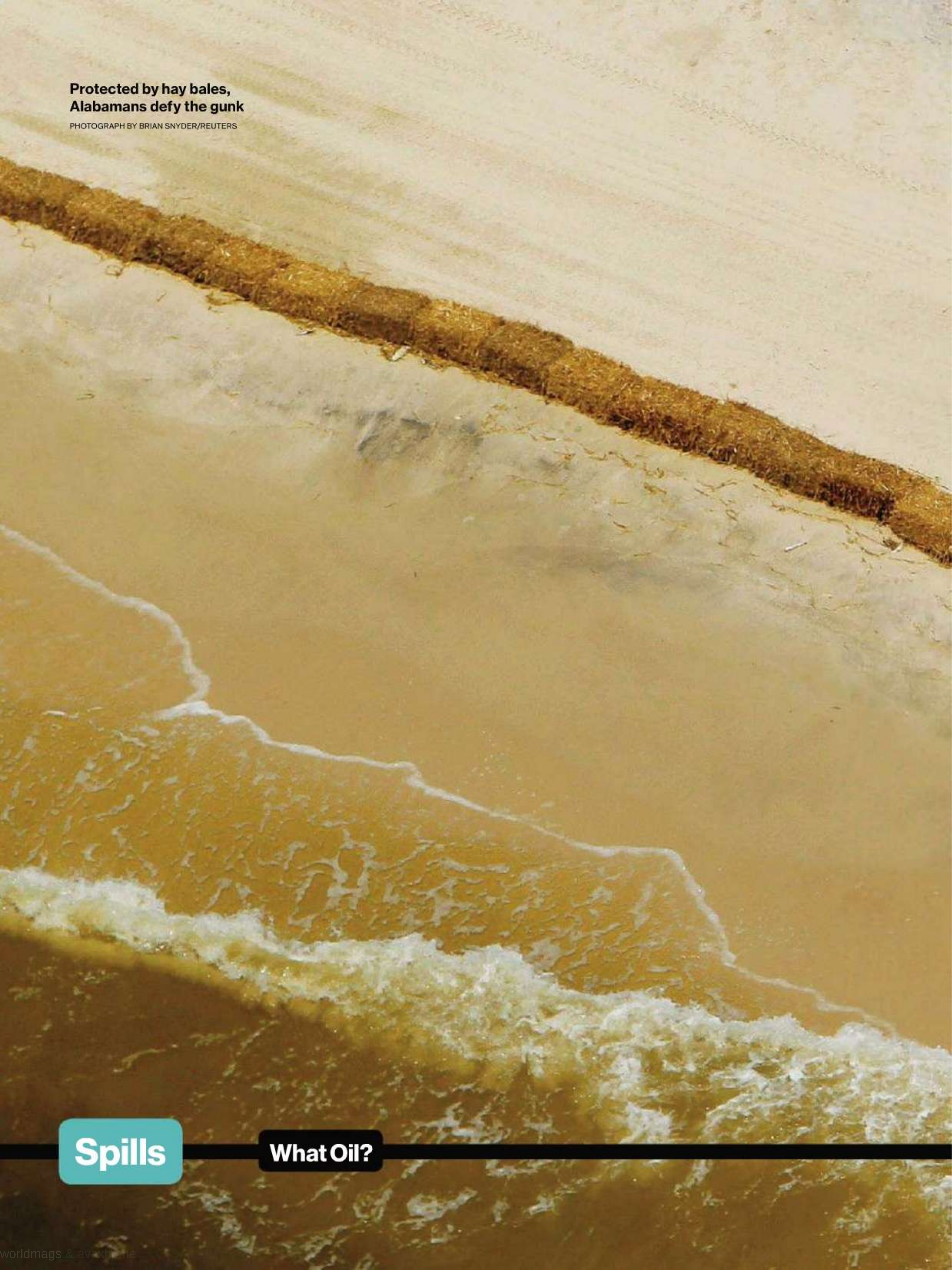
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SPILL



"I mean, accidents happen. You learn from them, and you try to make sure they don't happen again."
—Senator Joe Lieberman (I-Conn.) on the BP oil spill, May 4, 2010

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Protected by hay bales, Alabamans defy the gunk

PHOTOGRAPH BY BRIAN SNYDER/REUTERS

Spills **What Oil?**

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164 THOUSAND Business and individual claims paid to date

$40 BILLION BP's total spending so far on cleanup

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Spills



In mid-spring it appeared that 2010 would become the Year of the Spill—grim recognition of the gunk staining the Gulf of Mexico. President Barack Obama called the BP leak "the worst environmental disaster America has ever faced," and for a while the gusher seemed unstoppable. Every time you turned on cable news, there it was, pouring forth. ● Finally, it was plugged, and with surprising speed the surface of the Gulf returned to something approximating normal. Despite the release of 4.9 million barrels of crude—more than five times as much as the *Exxon Valdez* spilled in 1989—three-quarters of the discharge had vanished by late summer. The oil, according to government scientists, had been captured at the wellhead, burned, broken up chemically, evaporated by the hot sun, digested by hungry bacteria, or dissolved into microscopic droplets. Fisheries reopened, and the White House urged Americans to feast on Louisiana seafood. Whew! ● But what about the rest of the oil? The journal *Science* reported in August that a residual plume deep in the Gulf could threaten wildlife for years to come (page 54). The main column curls 3,000 feet below the surface, extending for 20 miles southwest of the capped well. On the ocean floor, researchers discovered oily sediment stretching across many square miles. The residue could kill marine life that provides food for innumerable fish. All that means it's way too soon to forget about the Gulf spill. ● Leakage resurfaced as a 2010 theme in the anarchic persona of Julian Assange (page 58). The WikiLeaks impresario spilled a volume of secrets about American foreign policy not seen since the days of the Pentagon Papers. A master media manipulator, Assange embarrassed and angered diplomats worldwide. Next to trickle out, he threatened before turning himself in to British police, will be the confidences of a major financial institution. ● In the stock market, the big splash came on May 6. Debt worries in Europe, combined with superfast computerized trading in the U.S., caused shares to plummet in the space of minutes. Stock prices recovered almost as quickly, but the Flash Crash left Wall Street badly shaken (page 56). ● Courtesy of Twitter, the drip-drip-drip of trivia was part of the year's soundtrack (page 62). Sarah Palin "refudiated" critics, Kanye West bared a bruised and solipsistic soul, and NFL stars (mostly wide receivers, for some reason) embraced the microblogging site as their go-to medium for narcissism dumps. A graphic designer in Japan let loose the world's 20 billionth tweet. Fittingly, the communication lacked any clear substance: "So that means the barrage might come back later all at once." Elsewhere, the government of North Korea denied press reports that it had taken to tweeting anti-Western propaganda under the cryptic handle @uriminzok. A spokesman for the North decried a surfeit of "misinformation, speculation, and sensationalism." It was the sanest-sounding comment to spill out of Pyongyang in 2010.



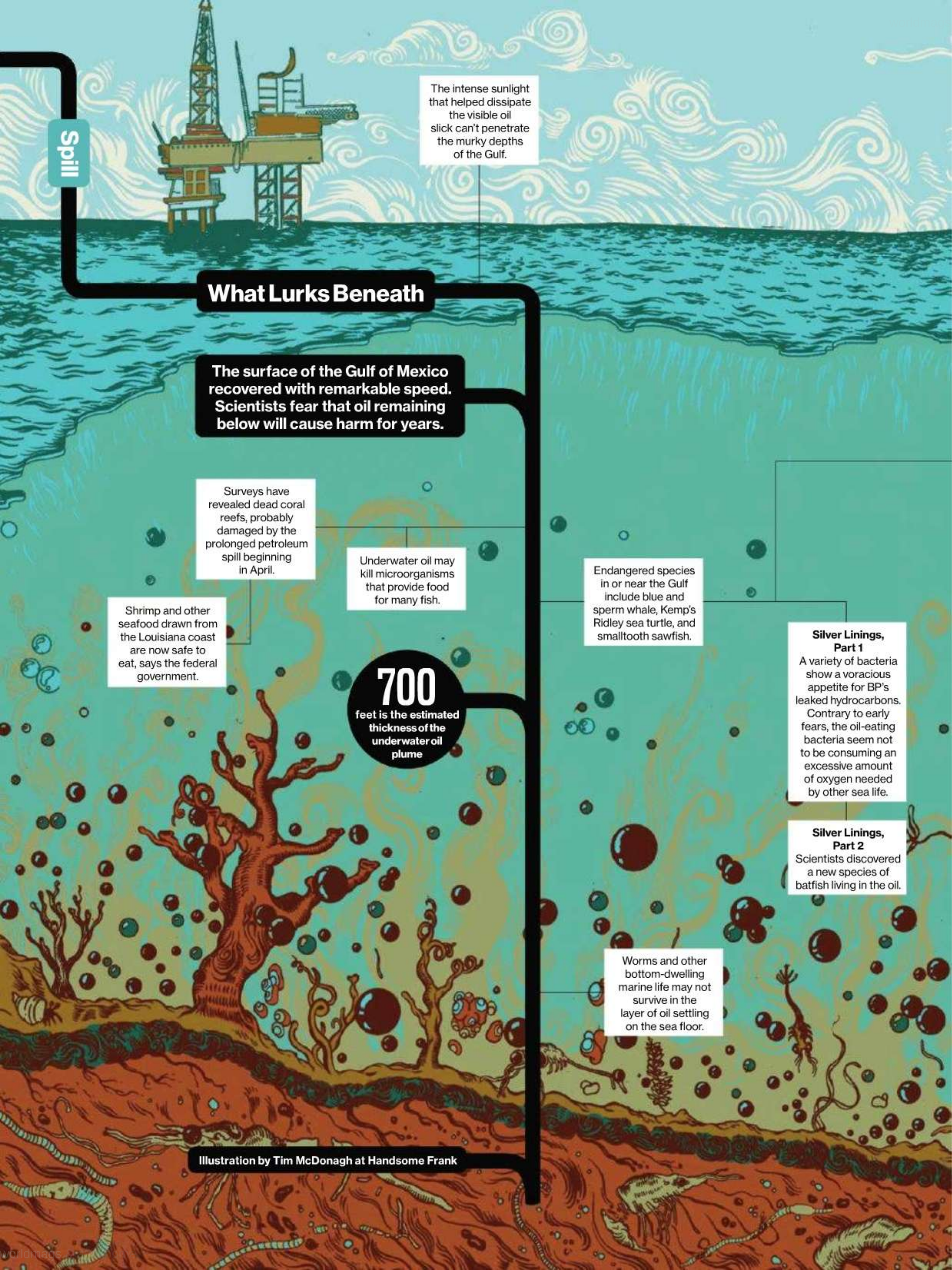


——Paul M. Barrett

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What Lurks Beneath

The surface of the Gulf of Mexico recovered with remarkable speed. Scientists fear that oil remaining below will cause harm for years.

The intense sunlight that helped dissipate the visible oil slick can't penetrate the murky depths of the Gulf.

Surveys have revealed dead coral reefs, probably damaged by the prolonged petroleum spill beginning in April.

Underwater oil may kill microorganisms that provide food for many fish.

Shrimp and other seafood drawn from the Louisiana coast are now safe to eat, says the federal government.

700 feet is the estimated thickness of the underwater oil plume

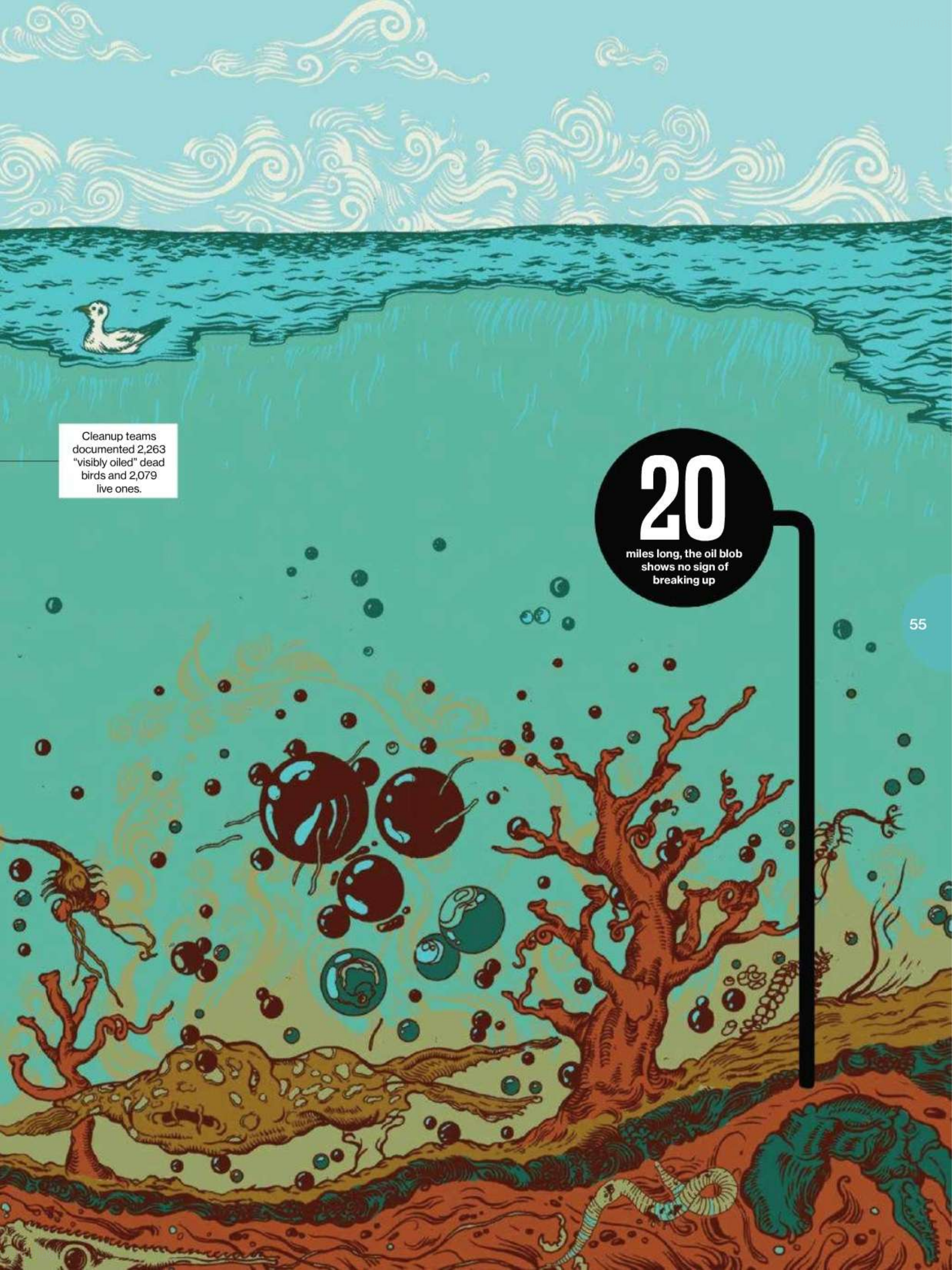
Endangered species in or near the Gulf include blue and sperm whale, Kemp's Ridley sea turtle, and smalltooth sawfish.

Silver Linings, Part 1
A variety of bacteria show a voracious appetite for BP's leaked hydrocarbons. Contrary to early fears, the oil-eating bacteria seem not to be consuming an excessive amount of oxygen needed by other sea life.

Silver Linings, Part 2
Scientists discovered a new species of batfish living in the oil.

Worms and other bottom-dwelling marine life may not survive in the layer of oil settling on the sea floor.

Illustration by Tim McDonagh at Handsome Frank


Cleanup teams documented 2,263 "visibly oiled" dead birds and 2,079 live ones.
20
miles long, the oil blob shows no sign of breaking up

Spills

The Flash Crash

On May 6 anxiety over a spreading European debt crisis rattles investors around the world and sends U.S. stocks down sharply.

1:00 PM

The number of "volatility pauses" triggered on the New York Stock Exchange is substantially higher than usual.

2:30 PM

Selling pushes the Dow Jones industrial average down 2.5 percent.

2:32 PM

Waddell & Reed, a large mutual fund manager, sends markets into a tailspin by unloading $4.1 billion in futures contracts known as E-Minis.

beep bop bop

boop beep beep beep boop

bop beep bop bop beep

Waddell uses an "automated execution algorithm" to accomplish its trade in only 20 minutes.

After buying some of the E-Mini contracts, high-frequency trading (HFT) firms begin selling them to reduce their long positions in E-Minis.

2:41 PM-2:44 PM

Price of the E-Mini dives 3 percent in just four minutes.

2:41 PM-3 PM

Liquidity evaporates in many individual stocks and exchange-traded funds; trading programs instructed to sell or buy at the market price result in transactions at irrational prices—as low as a penny a share or as high as $100,000.

2:45:13-2:45:27 PM

HFT firms pass contracts back and forth in "hot potato" trading.

3:00 PM

The automated trading systems of some HFT rms pause in reaction to the sudden price declines during the liquidity crisis in E-Mini contracts.





Concerned that they are receiving bad data from the markets or that a cataclysmic event occurred about which they were not yet aware, some HFT firms reduce their trading or withdraw from the markets.



Prices bounce back.



Traders catch their breath, verify data, and begin buying again.



The Fallout

8,000 securities and ETFs drop by up to 15 percent, contributing to an $862 billion rout, before prices recover to close at about a 3 percent loss for the day. The SEC concludes:

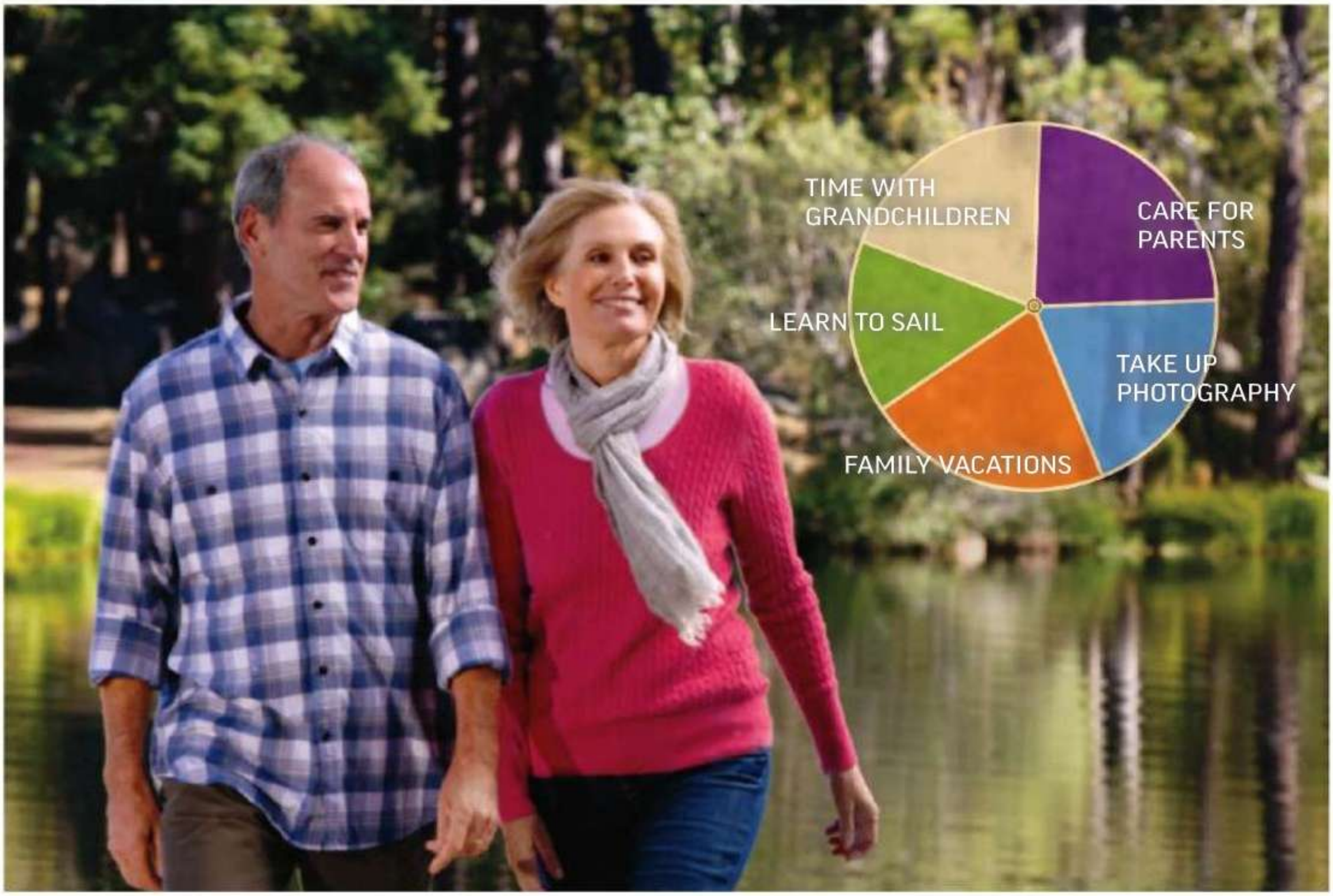
"One lesson is that under stressed market conditions, the automated execution of a large sell order can trigger extreme price movements, especially if the automated execution algorithm does not take prices into account."

PHOTOS: BLOOMBERG(1); ALAMY(1); GETTY IMAGES(2); REDUX(2)

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"Leaking is inherently an



Apr. 5 WikiLeaks publishes video showing a 2007 incident in Baghdad in which a U.S. military helicopter fires upon and kills a group of civilians, including two Reuters journalists.

It is inherently an anar

July 25 U.S. National Security Advisor General James Jones says WikiLeaks "could put the lives of Americans and our partners at risk."

July 29 WikiLeaks posts a mysterious, encrypted file on its website, which Assange describes as a "thermonuclear" insurance policy.

information in the mail ...

Oct. 22 WikiLeaks releases "Iraq War Logs," 400,000 documents from the U.S. Army's field operations in Iraq.

news organization ...

Nov. 28 WikiLeaks publishes its third "mega-leak" of the year, more than 250,000 U.S. diplomatic cables and documents.

Nov. 28 Peter King, the incoming chairman of the House Homeland Security Committee, says WikiLeaks should be put on the official U.S. list of terrorist organizations.

and then defend

Dec. 1 "He's trying to undermine the collaboration ... the system by which we engage with other governments." —State Dept. on Assange

the inevitable legal and

Accused leaker Manning allegedly pretended that the disk onto which he downloaded secrets was a Lady Gaga CD.



For more Lady Gaga, go to page 109

PHOTOS: AP PHOTO(1); ALAMY(2); GETTY IMAGES(2)

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anti-authoritarian act.



May 26 U.S. government arrests PFC Bradley Manning and charges him with leaking classified information to WikiLeaks.

July 25 WikiLeaks releases "Afghanistan War Logs," more than 75,000 U.S. military documents related to the conflict.

chist act. ... We get



Sept. 1 Sweden reopens a sex-abuse investigation against Assange. He says false allegations are part of a smear campaign by opponents.



vet it like a regular

release it to the public,

Nov. 30 "Governments deal with the U.S. because it's in their interest, not because ... we can keep secrets." —Robert Gates

Nov. 30 Former Arkansas Governor Mike Huckabee says WikiLeaks informants should be executed.

ourselves against

Dec. 7 Hackers attack websites of PayPal, Amazon, and other companies that ended relationships with WikiLeaks.

political attacks. —Julian Assange



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Spill

50 People and Things That Took a Spill in 2010

Barack Obama
Endures midterm "shellacking"



Steven Rattner
General Motors savior forced to accept Wall Street ban in pay-to-play scandal

Sam Zell
Chicago financier sees his takeover of Tribune Co. go down in flames

Tom DeLay
Texas jury nails "The Hammer" for campaign money laundering

Mel Gibson
New taped rants reveal he's worse than we thought

Charlie Sheen
Escort fracas at Plaza Hotel reveals he's much worse than we thought



Luge
Death of Georgian athlete casts shadow on strange Olympic sledding event

U.S. Postal Service
Snail mail loses more ground to Internet, announces $8.5 billion loss



Eggs
Salmonella spurs stomach-turning recall

Rolls-Royce
Jet engine woes ground Qantas

A&P
Old-line grocery chain files for bankruptcy protection

Carnival
Power failure, jammed toilets make for cruise from hell for 3,000 revelers

Jeff Zucker
NBC-Universal wunderkind shown door by Comcast, the company's new owner

Insider traders
Federal probe spreads anxiety at hedge funds

Octopussy
Zvi Goffer, aka Octopussy, indicted in Galleon insider-trading scandal

Paul the Octopus
Eight-armed soccer seer expires



Rollerblading
Manufacturer Rollerblade USA recalls 29,000 spill-inducing pairs

Fabrice Tourre
Young Goldman Sachs banker becomes face of SEC controversy

Sonja Kohn
Austrian banker accused of helping Bernard Madoff steal billions

Wyclef Jean
Singer's presidential ambitions nose-dive in Haiti

NYC Islamic center
Initially welcomed, mosque near Ground Zero hits wall of resentment

Christine O'Donnell
Tea Party favorite fizzles in Delaware Senate race



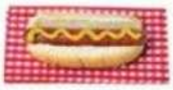
Witchcraft
O'Donnell reflects poorly on black-arts practitioners

Washington Post Co.
Struggling publisher jettisons venerable *Newsweek*

SAP
Jury says it stole software from rival Oracle in race for customers

Angelo Mozilo
Ex-Countrywide CEO agrees to $68 million settlement of SEC fraud allegations

Stanley McChrystal
Chatty general blabs to *Rolling Stone*, is forced to resign



Takeru Kobayashi
Coney Island hot-dog-eating champ loses temper, lands in jail

Hamid Karzai
Burns last shreds of his international credibility

Taliban Talks
Impostor infiltrates peace negotiations

Asian Security
Trigger-happy North Korea invites calamity

Juárez
Mexican city drowns in bloody drug violence

Greece and Ireland
Europe's weak sisters require big EU bailouts

Iceland
Volcanic eruption carpets Europe in ash, grounds air traffic

Charles Rangel
Harlem lawmaker censured for ethics violations

Larry King
Talk show host hangs up suspenders



CNN's Ratings
Slump along with Larry's

Airports
Pat-downs put travelers in a bad mood

Flight Attendants
After the cheers, JetBlue's Slater scorned for escape-slide caper

Terrorism Prosecutions
Embassy bombing trial raises questions on prosecuting extremism

Nancy Pelosi
Democratic House leader becomes favorite Tea Party target

Climate legislation
Cap-and-trade runs out of gas

NPR
Provokes condemnation for awkward firing of pundit Juan Williams

Natural Gas
Price of energy source tumbles, hurting push for renewables



Cats
New research confirms what dog people already know: Canines are smarter

NASA
White House outsources manned space travel

Gun Control
Packing heat gets easier as Supreme Court shoots down restrictions



Pompeii Infrastructure
Ancient city's walls collapse in rain

Mark Hurd
Hewlett-Packard CEO ousted in expense-account scandal

California
Golden State faces $20 billion annual budget gaps for next five years

PHOTOS: ALAMY(6); GETTY IMAGES(3)

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Spill **Mental Seepage**

TWEETER	TWEETS IN 2010	TWEET OF NOTE	AVERAGE TWEETS PER ACTIVE DAY	PRIME TWEETING HOUR
Jonathan Schwartz	13	**"Financial crisis/Stalled too many customers/CEO no more."** Sun Microsystem chief executive resigns in haiku.	1.1	PM
Chris Dodd	200	**"U love torturing me with this sh_t."** Democratic senator from Connecticut later apologized for his profanity, blames technical mistake.	2.6	AM
Mark Shurtleff	253	**"I just gave the go ahead to Corrections Director to proceed with Gardner's execution. May God grant him the mercy he denied his victims."** Utah attorney general uses iPhone to announce an execution.	1.9	PM
Nouriel Roubini	456	**"Those who dont know even Economics 101 should stick to their comparative advantage: writing garbage junky business gossip paid in pennies."** Gloomy economist tries hand at press criticism.	2.4	PM
Sarah Palin	630	**"Ground Zero Mosque supporters: doesn't it stab you in the heart, as it does ours throughout the heartland? Peaceful Muslims, pls refudiate."** Palin invents the word "refudiate."	3	PM
Larry King	687	**"If diamonds AREN'T a girl's best friend, what is?"** Shortly thereafter, talk show legend reconciles with his seventh wife.	3.3	PM
Kanye West	1,202	**"Everything sounds like noise!!!!!!!!!!!!!!!!!!!!!!!! EVERYTHING SOUNDS LIKE NOISE!!!!!!! I don't trust anyone!"** Musician shares thoughts following interview with NBC's Matt Lauer.	12	AM
Joe Miller	1,433	**"What's the difference b/n selling out your party's values and the oldest profession?"** Republican senatorial candidate from Alaska later apologized for comparing opponent Lisa Murkowski to a prostitute.	7.1	AM
John Cusack	2,623	**"I AM FOR A SATANIC DEATH CULT CENTER AT FOX NEWS HQ AND OUTSIDE THE OFFICES OR DICK ARMEY AND NEWT GINGRICH-and all the GOP WELFARE FREAKS"** Actor shows partisan stripes.	11.1	AM
Octavia Nasr	2,837	**"Sad to hear of the passing of Sayyed Mohammed Hussein Fadlallah ... One of Hezbollah's giants I respect a lot."** CNN Mideast expert ends 20-year career with sympathy for leader of militant movement.	14.4	AM
Henry Blodget	2,996	**"Jimmy Cayne (ex Bear CEO) is apparently still stoned."** Editor of *Business Insider* comments on former Bear Stearns chief's testimony before financial crisis commission.	13.2	AM
Steve Johnson	3,125	**"I PRAISE YOU 24/7!!!!!! AND THIS HOW YOU DO ME YOU EXPECT ME TO LEARN FROM THIS??? HOW???!!! ILL NEVER FORGET THIS!! EVER!!!"** Buffalo Bills wide receiver blames God for dropped pass.	12.4	PM
April Dunford	3,128	**"I've seen more energy at a lawn bowling tournament."** Start-up marketing consultant bashes conference performance of former Twitter CEO Evan Williams.	10.2	AM
Bow Wow	5,041	**"Making my mother delete her twitter account. NOW!"** The rapper formerly known as Lil Bow Wow explains his filial duties.	26.6	AM
Paul Chambers	15,764	**"Crap! Robin Hood airport is closed. You've got a week and a bit to get your sh_t together otherwise I'm blowing the airport sky high!!"** Upset by snowstorm closure, UK man makes a bomb joke, gets prosecuted.	59	PM

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- Approximately 450,000 students graduated from around 150 universities and other higher education institutions in 2009
- Over 25 million young, well-educated and motivated labor force
- Highly competitive investment conditions
- A country that offers 100% and more tax deductions on R&D expenditures
- Access to Europe, Caucasus, Central Asia, the Middle East and North Africa
- 16th largest economy of the world and the 6th largest economy as compared to the EU countries in 2009 (IMF-WEO)
- 15th most attractive FDI destination for 2008-2010 (UNCTAD World Investment Prospects Survey)
- Average annual real GDP growth of 6% between 2003 and 2008

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"We're stuck because people in starter homes have their money wrapped up in the homes they can't sell. It's like having a row of dominoes."
—Wade Blount, whose Georgia home, as of Sept. 25, 2010, had been on the market for 16 months

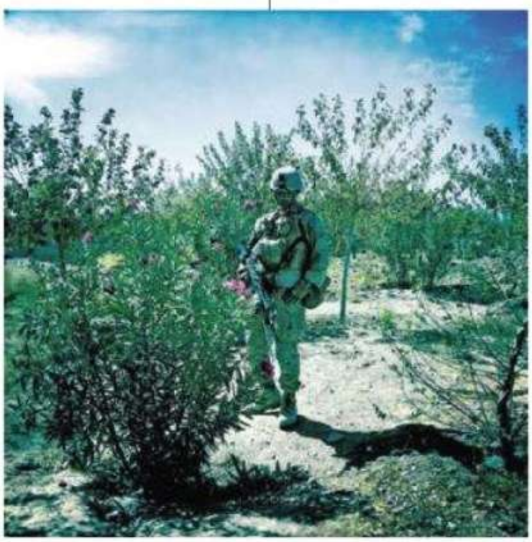
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The U.S. government pays an average of $1.2 million annually for each soldier in Afghanistan. The annual cost in World War II, adjusted for inflation, was $67,000.

14%

Decline in new home sales in the U.S. this year



In early spring, it seemed as if things were getting better. The economy was growing, and those green shoots Federal Reserve Chairman Ben Bernanke had promised smelled lovely. On Mar. 23, President Barack Obama signed a contentious health-care reform bill—now being challenged in the courts—that would provide coverage for tens of millions of uninsured Americans and reduce the federal deficit over time by an estimated $143 billion. The end date to the combat mission in Iraq—Aug. 31—loomed auspiciously. ● By May, however, hopes for a quick recovery were dashed. That month the stock market tumbled 10 percent, and the national unemployment rate dropped anchor just south of 10 percent. As setbacks mounted in Afghanistan, the reality set in: We're stuck. In May the European Union announced a $145 billion bailout of Greece, a nation in which saxophonists and TV news anchors retire with government pensions at age 55. Greece's financial self-immolation was facilitated by U.S. firms such as Goldman Sachs, which advised the country on how to mask the true extent of its deficits. ● Then there's Ireland (page 68). Despite a national economy the size of Connecticut's, the country's banking crisis and real estate bust spread panic throughout Europe. Meanwhile, the fast money continues to race to China, whose economy grew 9.6 percent in the

€132 THOUSAND

Amount the average Irish family owes the banks.

$400mn

Estimated daily airline losses during the mid-April peak of the Icelandic volcano explosion.



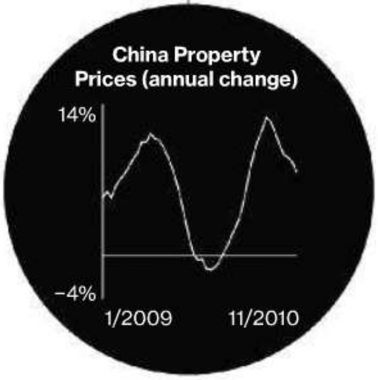
Eyjafjallajökull

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According to a Bloomberg poll, two-thirds of people believe a bubble is inflating China's property values.



third quarter of 2010. Real estate values have soared in the country, which appears keen on tightly managing its currency—and less interested in how that affects the global economy. In response to this seemingly hopeless and unchanged world, a frustrated American public stuck it to the President in November and flipped the House of Representatives to the Republican Party (page 75). ● It wasn't merely a metaphor: 2010 was a big year for all things stuck. The eruption of an unpronounceable Icelandic volcano created an ash cloud on Apr. 14 (page 84) that during its peak affected 1.2 million passengers each day and deprived airlines of at least $1.7 billion in revenue. (It also screwed up the itineraries of Obama, Tony Blair, John Cleese, and the FC Barcelona football team.) Three months earlier, Toyota (page 79) had to recall 2.3 million vehicles amid complaints that some cars' accelerator pedals were sticking. (A month later it issued a separate recall for faulty antilock brakes.) In August a 60-mile traffic jam formed in China's Hebei province, leaving 10,000 vehicles stuck for at least 10 days (page 72). That month, 33 Chilean miners became trapped half a mile underground (page 88). Taken together, these events encapsulated the year's great question: How can you move ahead when you feel like you can't move at all?

—Devin Leonard

Stuck



After the January recalls, Toyota's losses were estimated to be $2 billion.



$4bn

Money spent on the 2010 congressional midterm elections

"Our accelerator is stuck.... We're in trouble. We can't ... There's no brakes."

—911 call, just before a fatal August 2009 crash near San Diego. Reported in January, it helped trigger Toyota's recall.

PHOTOS: FROM LEFT: TERU KUWAYAMA/BASETRACK; JASPER JAMES; PETE SOUZA/WHITE HOUSE PHOTO
DATA: U.S. COMMERCE DEPT., CENTER FOR STRATEGIC AND BUDGETARY ASSESSMENTS, BLOOMBERG, INTERNATIONAL AIR TRANSPORT ASSN., CENTER FOR RESPONSIVE POLITICS, NATIONAL DEVELOPMENT AND REFORM COMMISSION

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Waterways, a development in Ireland's County Leitrim, remains a ghost estate. The developer's plan called for more than 60 homes.

PHOTOGRAPH BY KIM HAUGHTON/POLARIS
DATA: IRELAND'S ECONOMIC AND SOCIAL RESEARCH INSTITUTE; UNIVERSITY COLLEGE DUBLIN



36% Decline in Ireland's housing prices since the market's peak in 2006. More than 300,000 units remain empty.


Stuck

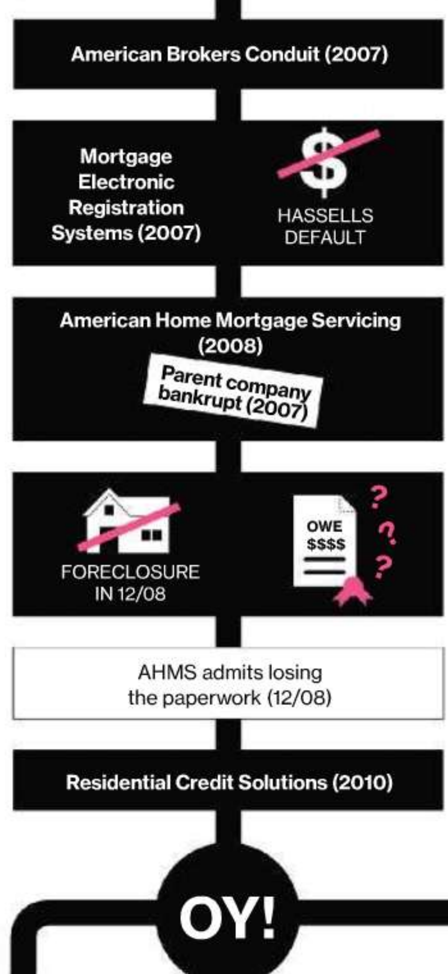
Stuck In Foreclosure Limbo

5%
Increase in U.S. foreclosure filings since January 2010

Ernie and Teri Hassell are currently in a place millions of Americans call home: mortgage hell. ● In 1997 the couple used their solid credit rating to buy a house in St. Petersburg, Fla., for approximately $200,000. After Teri became sick with a gland disorder, the couple refinanced twice—once in 2003 and again in 2007—taking on additional debt to pay for her treatment. In 2008, Ernie Hassell, 62, lost his full-time job as a risk-management consultant, and the couple fell behind on mortgage payments. As a result, they tried to sell their home, on which they then owed $537,000. The best offer they got was for $259,000. The deal fell apart, and their lender tried to foreclose. ● By that time the Hassells' mortgage was already making the rounds. Their most recent lender, American Brokers Conduit, transferred custody of the loan to Mortgage Electronic Registration Systems, a digital database owned by huge lenders such as Bank of America. When the Hassells defaulted in 2008, MERS kicked the debt to American Home Mortgage Servicing, a company that specializes in handling subprime mortgages. AHMS filed a foreclosure suit against the Hassells—admitting in court papers that the couple's promissory note had been "lost, stolen, or destroyed." ● AHMS now says it has rediscovered the document. A company spokeswoman blames the mishap on AHMS's own financial woes: The firm's parent filed for bankruptcy in 2007. Yet Matthew Weidner, the Hassells' lawyer, is still fighting the claim. "This is a microcosm of the financial crisis," he says. Meanwhile, the Hassells' debt is again on the move. In November, AHMS passed the debt to Residential Credit Solutions, a Texas operation that buys busted home loans. For now, the Hassells aren't budging. "We own this home," Ernie says. "Even if they say we don't." —D.L.

A Mortgage Odyssey

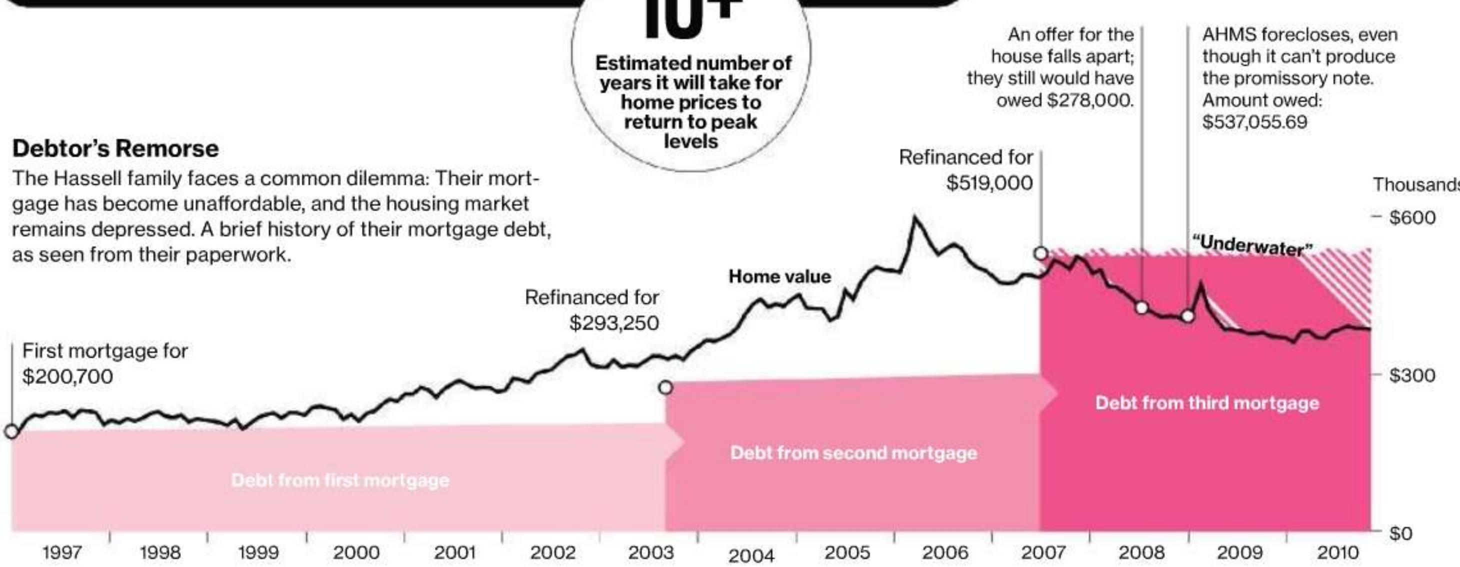
The Hassells' mortgage has been in the hands of four companies. An annotated guide to their paperwork's journey.



10+
Estimated number of years it will take for home prices to return to peak levels

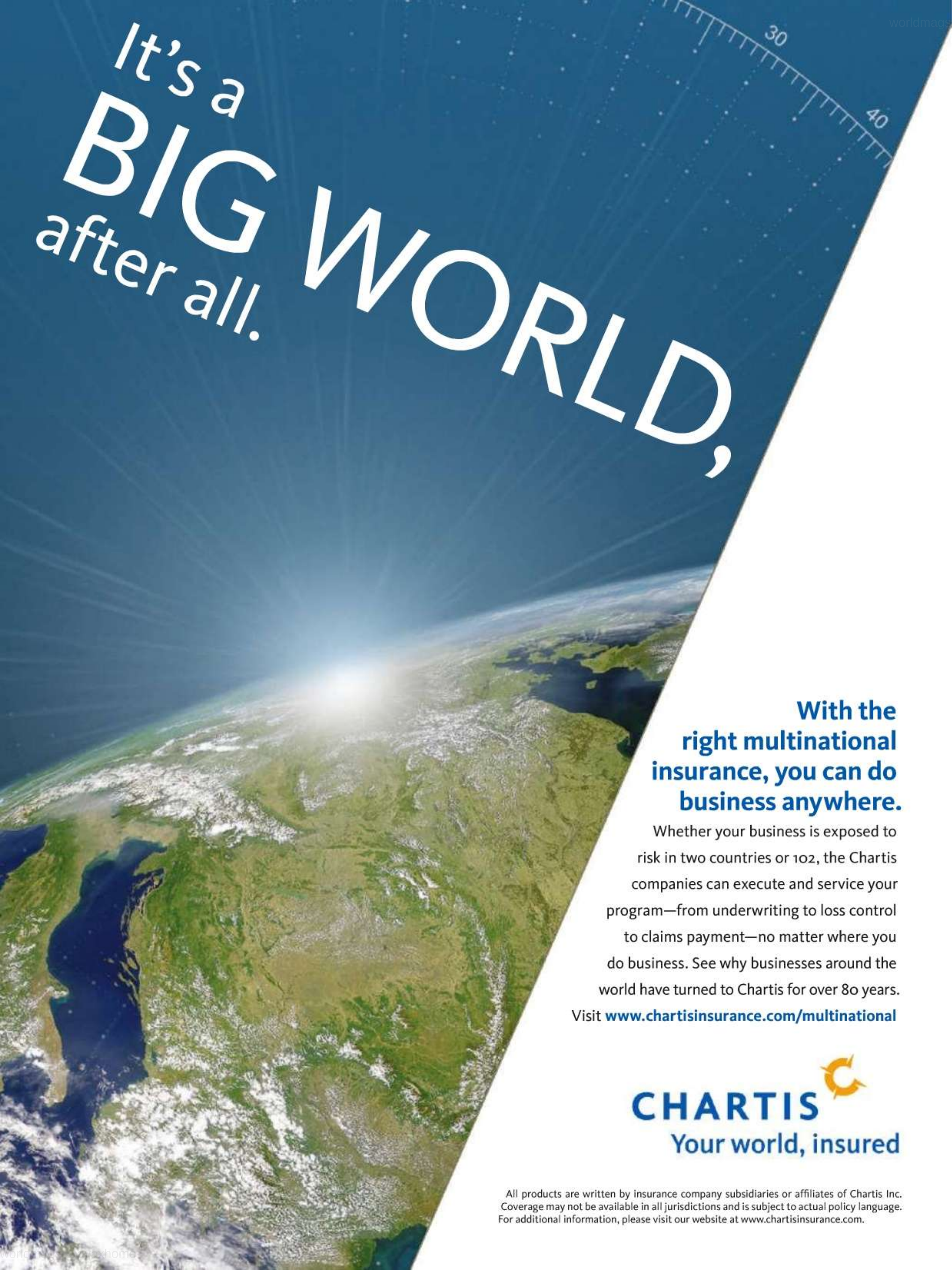
Debtor's Remorse

The Hassell family faces a common dilemma: Their mortgage has become unaffordable, and the housing market remains depressed. A brief history of their mortgage debt, as seen from their paperwork.



DATA: ZILLOW.COM, PINELLAS COUNTY (FLA.) RECORDS

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Stuck

In Traffic



For at least 10 days in August, drivers moved at a snail's pace on China's National Expressway 110. Roadwork and coal trucks were believed to have caused the snarl.

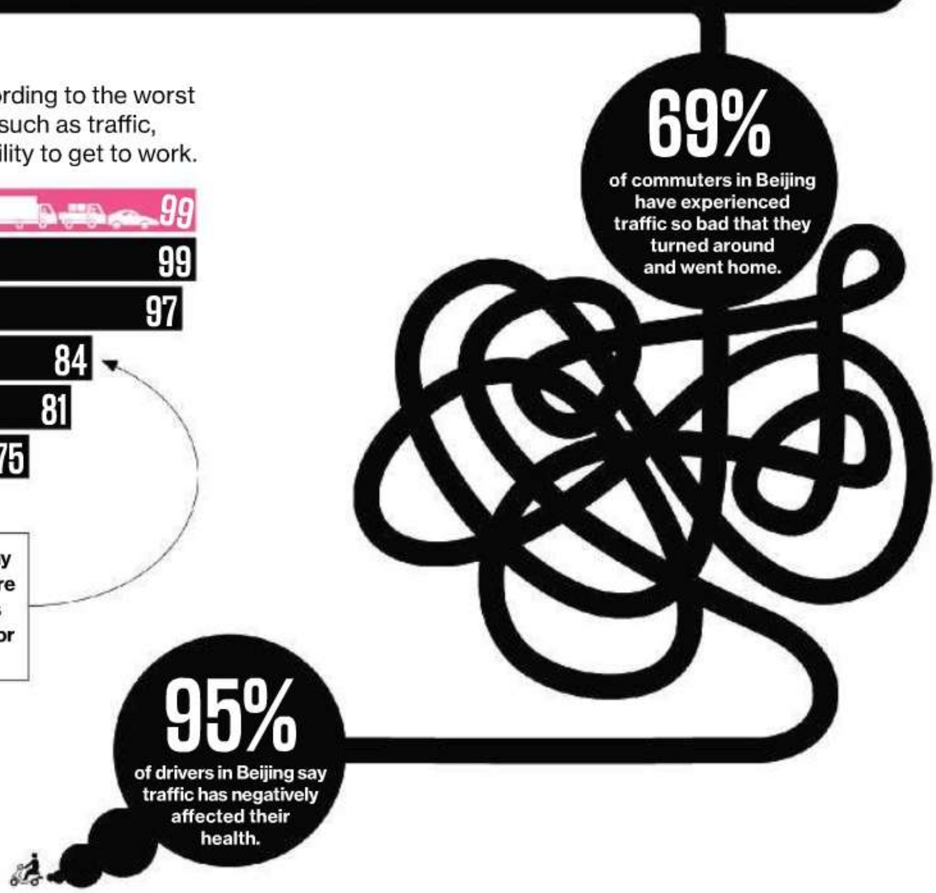
PHOTO: CORBIS; DATA: IBM GLOBAL COMMUTER PAIN INDEX

Going Nowhere Fast

IBM ranked cities, on a scale of 1 to 100, according to the worst commutes. The results are based on factors such as traffic, road rage, and gridlock's effect on drivers' ability to get to work.

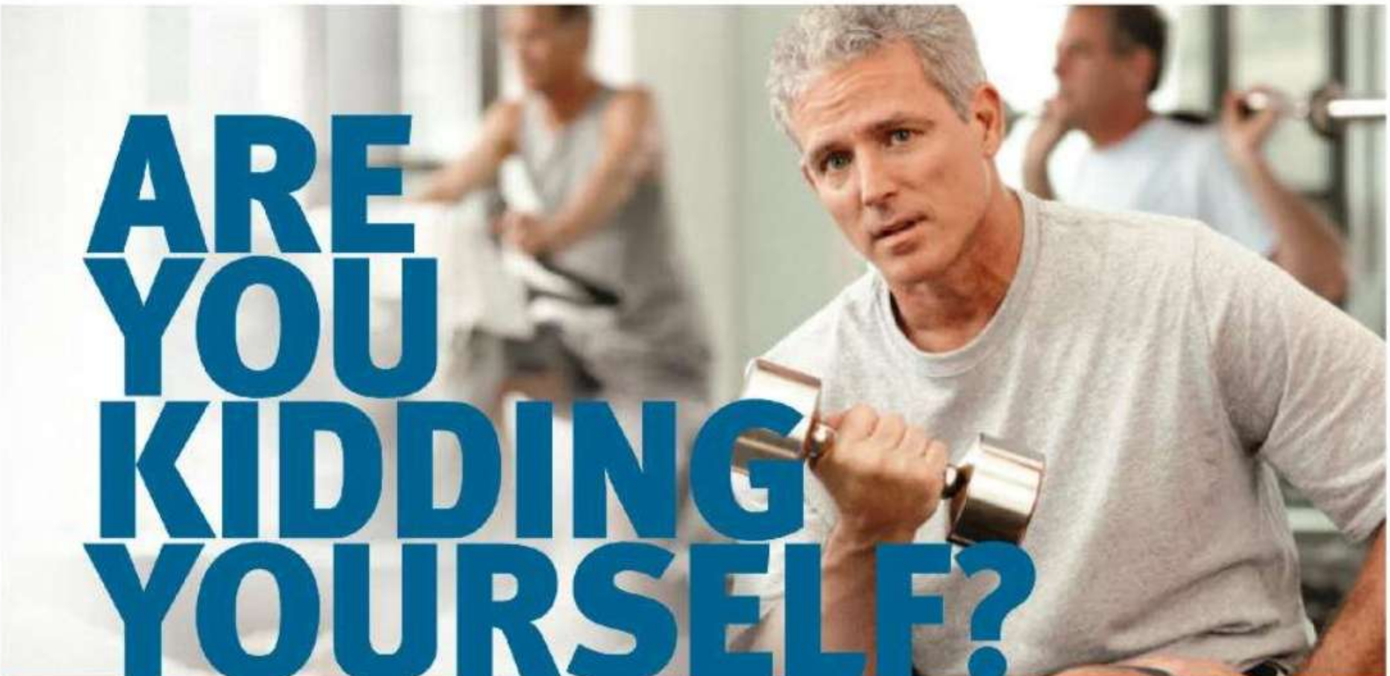
Beijing	99
Mexico City	99
Johannesburg	97
Moscow	84
New Delhi	81
São Paolo	75
Los Angeles	25
New York	19

The average reported delay in Moscow is 2.5 hours. More than 40% of respondents have been stuck in traffic for at least three hours.



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A LOT OF PEOPLE THINK EXERCISE AND HEALTHY DIET ARE ENOUGH TO LOWER HIGH CHOLESTEROL. FOR 2 OUT OF 3, IT MAY NOT BE.

Did you know, more than 80% of people who have had heart attacks have high cholesterol? For 2 out of 3 people with high cholesterol, diet and exercise may not be enough. If you haven't been successful in trying to lower your cholesterol on your own, stop kidding yourself. Talk to your doctor about your risk and if Lipitor is right for you. You can also learn more at lipitor.com or call 1-888-LIPITOR.

- When healthy diet and exercise are not enough, adding Lipitor may help.
- Along with diet, Lipitor has been shown to lower bad cholesterol 39-60% (average effect depending on dose) and Lipitor is FDA-approved to reduce the risk of heart attack and stroke in patients who have heart disease or risk factors for heart disease. These risk factors include smoking, age, family history of early heart disease, high blood pressure and low good cholesterol.

Please see additional important information on next page.

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IMPORTANT SAFETY INFORMATION:
LIPITOR is not for everyone. It is not for those with liver problems. It is not for women who are nursing, pregnant or may become pregnant.

If you take LIPITOR, tell your doctor if you feel any new muscle pain or weakness. This could be a sign of rare but serious muscle side effects. Tell your doctor about all medications you take. This may help avoid serious drug interactions. Your doctor should do blood tests to check your liver function before and during treatment and may adjust your dose.

Common side effects are diarrhea, upset stomach, muscle and joint pain, and changes in some blood tests.

INDICATION:
LIPITOR is a prescription medicine that is used along with a low-fat diet. It lowers the LDL ("bad" cholesterol) and triglycerides in your blood. It can raise your HDL ("good" cholesterol) as well. LIPITOR can lower the risk for heart attack, stroke, certain types of heart surgery, and chest pain in patients who have heart disease or risk factors for heart disease such as age, smoking, high blood pressure, low HDL, or family history of early heart disease.

LIPITOR can lower the risk for heart attack or stroke in patients with diabetes and risk factors such as diabetic eye or kidney problems, smoking or high blood pressure.

You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch or call 1-800-FDA-1088.

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tablets

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IMPORTANT FACTS

LIPITOR atorvastatin calcium (LIP-ih-tore)

LOWERING YOUR HIGH CHOLESTEROL

High cholesterol is more than just a number, it's a risk factor that should not be ignored. If your doctor said you have high cholesterol, you may be at an increased risk for heart attack and stroke. But the good news is, you can take steps to lower your cholesterol.

With the help of your doctor and a cholesterol-lowering medicine like LIPITOR, along with diet and exercise, you could be on your way to lowering your cholesterol.

Ready to start eating right and exercising more? Talk to your doctor and visit the American Heart Association at www.americanheart.org.

WHO IS LIPITOR FOR?

Who can take LIPITOR:

- People who cannot lower their cholesterol enough with diet and exercise
- Adults and children over 10

Who should NOT take LIPITOR:

- Women who are pregnant, may be pregnant, or may become pregnant. LIPITOR may harm your unborn baby. If you become pregnant, stop LIPITOR and call your doctor right away.
- Women who are breast-feeding. LIPITOR can pass into your breast milk and may harm your baby.
- People with liver problems
- People allergic to anything in LIPITOR

BEFORE YOU START LIPITOR

Tell your doctor:

- About all medications you take, including prescriptions, over-the-counter medications, vitamins, and herbal supplements
- If you have muscle aches or weakness
- If you drink more than 2 alcoholic drinks a day
- If you have diabetes or kidney problems
- If you have a thyroid problem

ABOUT LIPITOR

LIPITOR is a prescription medicine. Along with diet and exercise, it lowers "bad" cholesterol in your blood. It can also raise "good" cholesterol (HDL-C).

LIPITOR can lower the risk of heart attack, stroke, certain types of heart surgery, and chest pain in patients who have heart disease or risk factors for heart disease such as:

- age, smoking, high blood pressure, low HDL-C, family history of early heart disease

LIPITOR can lower the risk of heart attack or stroke in patients with diabetes and risk factors such as diabetic eye or kidney problems, smoking, or high blood pressure.

POSSIBLE SIDE EFFECTS OF LIPITOR

Serious side effects in a small number of people:

- **Muscle problems** that can lead to kidney problems, including kidney failure. Your chance for muscle problems is higher if you take certain other medicines with LIPITOR.
- **Liver problems**. Your doctor may do blood tests to check your liver before you start LIPITOR and while you are taking it.

Call your doctor right away if you have:

- Unexplained muscle weakness or pain, especially if you have a fever or feel very tired
- Allergic reactions including swelling of the face, lips, tongue, and/or throat that may cause difficulty in breathing or swallowing which may require treatment right away
- Nausea, vomiting, or stomach pain
- Brown or dark-colored urine
- Feeling more tired than usual
- Your skin and the whites of your eyes turn yellow
- Allergic skin reactions

Common side effects of LIPITOR are:

- Diarrhea
- Upset stomach
- Muscle and joint pain
- Changes in some blood tests

HOW TO TAKE LIPITOR

Do:

- Take LIPITOR as prescribed by your doctor.
- Try to eat heart-healthy foods while you take LIPITOR.
- Take LIPITOR at any time of day, with or without food.
- If you miss a dose, take it as soon as you remember. But if it has been more than 12 hours since your missed dose, wait. Take the next dose at your regular time.

Don't:

- Do not change or stop your dose before talking to your doctor.
- Do not start new medicines before talking to your doctor.
- Do not give your LIPITOR to other people. It may harm them even if your problems are the same.
- Do not break the tablet.

NEED MORE INFORMATION?

- Ask your doctor or health care provider.
- Talk to your pharmacist.
- Go to **www.lipitor.com** or call **1-888-LIPITOR**.

Uninsured? Need help paying for Pfizer medicines? Pfizer has programs that can help. Call **1-866-706-2400** or visit **www.PfizerHelpfulAnswers.com.**

Pfizer helpful answers

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Stuck In the Middle

From gun control to taking on Kim Jong-Il, Americans are gridlocked. If we can't agree on the big stuff, how will we agree on the *really* big stuff—like airport pat-downs?

Society

Is it more important to protect gun owners' rights or control gun ownership?

46% Gun owners' rights

46% Gun ownership

DATA: PEW RESEARCH CENTER, MAR. 10-14

Is doctor-assisted suicide morally acceptable or morally wrong?

46% Morally acceptable

46% Morally wrong

DATA: GALLUP, MAY 3-6

Is Obama doing a good job?

45% Yes

49% No

DATA: GALLUP, DEC. 10

Economy

Given the deficit, what should the priorities be?

6% Don't know

46% Increasing education, health, and energy programs despite raising the deficit

1% Refused to answer

47% The deficit should be cut—even if it affects education, health, and energy plans

DATA: AP-CNBC, NOV. 18-22

Should the U.S. extend tax cuts for the wealthy?

3% Unsure

48% Yes

49% No

DATA: MCCLATCHY-MARIST; SEPT. 14-16

How do you feel about financial regulation?

11% Don't know

44% Worry the government will not go far enough, leaving the country at risk of another crisis

46% Fear the government will go too far, making it harder for the economy to grow

DATA: PEW/*NATIONAL JOURNAL*, MAY 13-16

Military

How is the Iraq war going?

50% Very/moderately well

48% Very/moderately badly

DATA: GALLUP, JULY 8-11

Should the U.S. authorize an invasion of North Korea if war breaks out in the Korean Peninsula?

38% Yes

41% No

DATA: ANGUS REID PUBLIC OPINION, NOV. 25-27

Don't ask, don't tell

47% Want to repeal it

48% Want to keep it in place

DATA: MCCLATCHY-MARIST, NOV. 15-18

Immigration

What should be the U.S.'s main focus in dealing with illegal immigrants?

50% Halting the flow of illegal immigrants into the U.S.

45% Developing a plan to deal with immigrants now in the U.S. illegally

DATA: GALLUP, JUNE 11-13

Health Care

Should the U.S. government ensure health care?

47% Yes, the government should make sure everyone has coverage

50% No, not the government's responsibility

DATA: GALLUP, NOV. 4-7

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Stuck

48%

Portion of travelers who say airport pat-downs are justified



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50%

Portion of travelers who say pat-downs go too far

PHOTOGRAPH BY SARAH ILLENBERGER
DATA: ABC NEWS/*WASHINGTON POST*, NOV. 21

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intuit
Small business, rejoice.

Stuck

It to 'Em

Remembering those who got their hat handed to them in 2010



Mar. 9: Class actions filed against Toyota involving its accelerator pedal seek upwards of $3 billion. (Some 400 suits are pending.)



July 15: The SEC settles with Goldman Sachs for $550 million over charges the bank bilked investors as the real estate market went south.



Aug. 26: The FAA fines American Airlines $24.2 million—its largest penalty ever—for alleged maintenance violations.



Apr. 27: AstraZeneca pays $520 million to settle a federal investigation regarding its marketing of schizophrenia drug Seroquel



Aug. 6: Hewlett-Packard CEO Mark Hurd resigns after an internal probe notes he had a "profound lack of judgment."



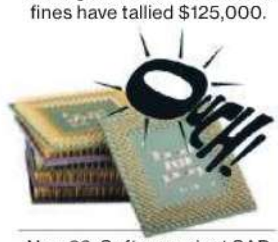
Oct. 19: The NFL fines Pittsburgh Steelers linebacker James Harrison $75,000 for an illegal hit. Harrison's 2010 fines have tallied $125,000.



June 23: President Obama fires General Stanley McChrystal following the commander's critical remarks in a *Rolling Stone* article.



Aug. 23: Elin Nordegren's divorce settlement with philandering golfer Tiger Woods is reportedly valued at approximately $100 million.



Nov. 23: Software giant SAP loses a copyright lawsuit waged by rival Oracle. The $1.3 billion judgment is the largest jury award of 2010.

PHOTOS: BLOOMBERG(3); ALAMY(1); GETTY(6); DAGMAR KIELHORN(1); KIM KULISH(1); DATA: 1. AP 2. NPD GROUP 3. SYMPHONYIRI GROUP 4. YAHOO! 5. MOTOR INTELLIGENCE 6. BOX OFFICE MOJO 7. NIELSEN

In Second Place

Actually, two is the loneliest number. Take it from the year's near-top performers.

#2



1. Second-best-selling album: **Need You Now by Lady Antebellum**



2. Second-best-selling smartphone: **iPhone 3GS**



3. Second-best-selling wine: **Sutter Home**



4. Second-most-searched topic on the Internet: **World Cup**



5. Second-best-selling vehicle: **Chevy Silverado**



6. Second-highest-grossing movie: **Alice in Wonderland**



7. Second-most-watched TV show: **Dancing with the Stars**

The No. 1s: 1. Recovery by Eminem 2. BlackBerry Curve 3. Barefoot 4. BP oil spill 5. Ford F-150 6. Toy Story 3 7. American Idol



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The Stuck Economy

Stuck

The year in adhesives



Stamps
U.S. Postal Service volume declined 3.5 percent, to 170.6 billion pieces; operating revenue fell 1.5 percent.

Marriage
Average cost of a wedding increased 21.9 percent in the first half of 2010, to $23,867, up from $19,581 in 2009.

Gum
Sugarless gum sales grew at 3 percent, to $2.3 billion; a slower growth rate compared with recent years.

Velcro
The U.S. Army's decision to use buttons instead of Velcro on uniforms will save the military nearly a buck per outfit.

Oreos
The sandwich cookie's 2010 sales reached $290.5 million, an 11 percent gain from 2009 sales.

Band-Aids
Johnson & Johnson saw sales of wound-care products decline by 9 percent in the first nine months of 2010.

Honey
Average retail price per pound grew this year. In August the price rose to $5.04, a 44¢ year-over-year increase.

3M
The tape and Post-It Notes manufacturer (ahem) posted a sales increase of 17.4 percent in the first nine months of 2010.

Peanut butter
Salmonella fears receded and total U.S. sales rose 2.1 percent, to more than $950 million in the first half of 2010.



Stuck on You

Big Adhesive is up 4 percent in 2010, says market research firm IBISWorld. And duct tape—known as Jesus tape in Sweden—has become particularly trendy. Avon, Ohio, the self-proclaimed "Duct Tape Capital of the World," is the home of Duck Tape. Duck sponsors an annual contest in which students make prom attire out of tape. (It also has 3 million friends on Facebook.) Stuck at Prom rewards kids for their creativity with a college scholarship.

$3,000 Cash prize awarded to each of the two winners

300 Number of hours spent by winners creating their duct tape outfits, which included hair extensions

50 Weight in pounds of this year's winning prom dress

240 Number of couples submitting prom duct tape entries in 2010

44,000 Votes cast in this year's contest



2010 winners Ray Banna and Yancy Esquivel

PHOTOS: ALAMY(6); AP PHOTO(1); DUCK BRAND DUCT TAPE(1); GETTY IMAGES(3); DATA: STAMPS: USPS; MARRIAGE: WEDDING REPORT; GUM: SYMPHONYIRI GROUP; VELCRO: *USA TODAY*; OREOS: *FOOD BUSINESS NEWS*; BAND-AIDS: JOHNSON & JOHNSON; HONEY: *BEE CULTURE*; 3M: 3M; PEANUT BUTTER: SYMPHONYIRI GROUP; SHURTECH BRANDS

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Stuck — Far from Home

On Mar. 20, Iceland's Eyjafjallajökull volcano begins to erupt. Six hundred people are evacuated as the spewing lava begins to build a 270-foot cone. On Apr. 14 it will spew ash leading to a memorably miserable fortnight.

April

Wednesday 14

After a short pause, the eruption begins again, this time under the volcano's ice-covered summit, causing a plume of ash to rise.



Thursday 15

The ash plume approaches Britain. The National Air Traffic Services grounds all non-emergency flights in U.K. airspace. By the end of the next day most airports in Northern Europe are shut down.

Norwegian Prime Minister Jens Stoltenberg, stuck at the Newark airport, tells CNN he is using his iPad to manage affairs back home.



There's an app for that!

Friday 16

Comedian John Cleese pays $5,100 for a cab ride from Oslo to Brussels to then catch a train to London. The 932-mile ride takes 15 hours.

German Chancellor Angela Merkel lands in Lisbon instead of Berlin after her flight from the U.S. is diverted.



Merkel takes Lisbon

Saturday 17



With God as his co-pilot

Pope Benedict XVI's flight to Malta to meet with victims of sexual abuse by Catholic clergy is one of the few allowed to depart from Rome's Leonardo Da Vinci airport.

Sunday 18

Travel restrictions prevent world leaders, including Merkel, Barack Obama, and Nicolas Sarkozy, from attending the funeral of Polish President Lech Kaczynski in Kraków.

Former British Prime Minister Tony Blair is stranded in Jerusalem as the Labour Party campaigns for Parliament.



Monday 19

Moroccan Olympian Abdellah Falil misses the Boston Marathon because he can't catch a transatlantic flight.

Some 5,000 Kenyan farmworkers are told to stay home as flower and vegetable exports grind to a halt. More than 1,000 tons of flowers and produce—worth $3 million—are dumped.



Tuesday 20

The National Air Traffic Services announces that most restrictions in the U.K. have been lifted. Flights recommence at many major European airports.



FC Barcelona looks fatigued in a 3-1 loss to Internazionale in the UEFA Champions League soccer semifinal play after a two-day, 450-mile bus trip to Milan.

Wednesday 21



Orchid growers and salmon fisheries in New Zealand report a boom in demand as buyers look for alternatives to Dutch and Norwegian suppliers. Grant Rosewarne, chief executive officer of New Zealand King Salmon, tells CNN that a customer upped his order from 5 cartons to 500 cartons.

Thursday 22

***QM2*'s wait list? More than 1,000**



Cunard's *Queen Mary 2*, the only cruise ship still operating a regular transatlantic schedule, departs from Southampton to New York.

Friday 23

Demi Moore, Robert Downey Jr., and Gwyneth Paltrow appear on the BBC's *Friday Night with Jonathan Ross* via satellite after being unable to fly to London.



London calling

Saturday 24

Icelandic Air chills out



After a shift in the wind, Iceland's main airport, Keflavík, sits empty—closed for the weekend by the ash cloud.



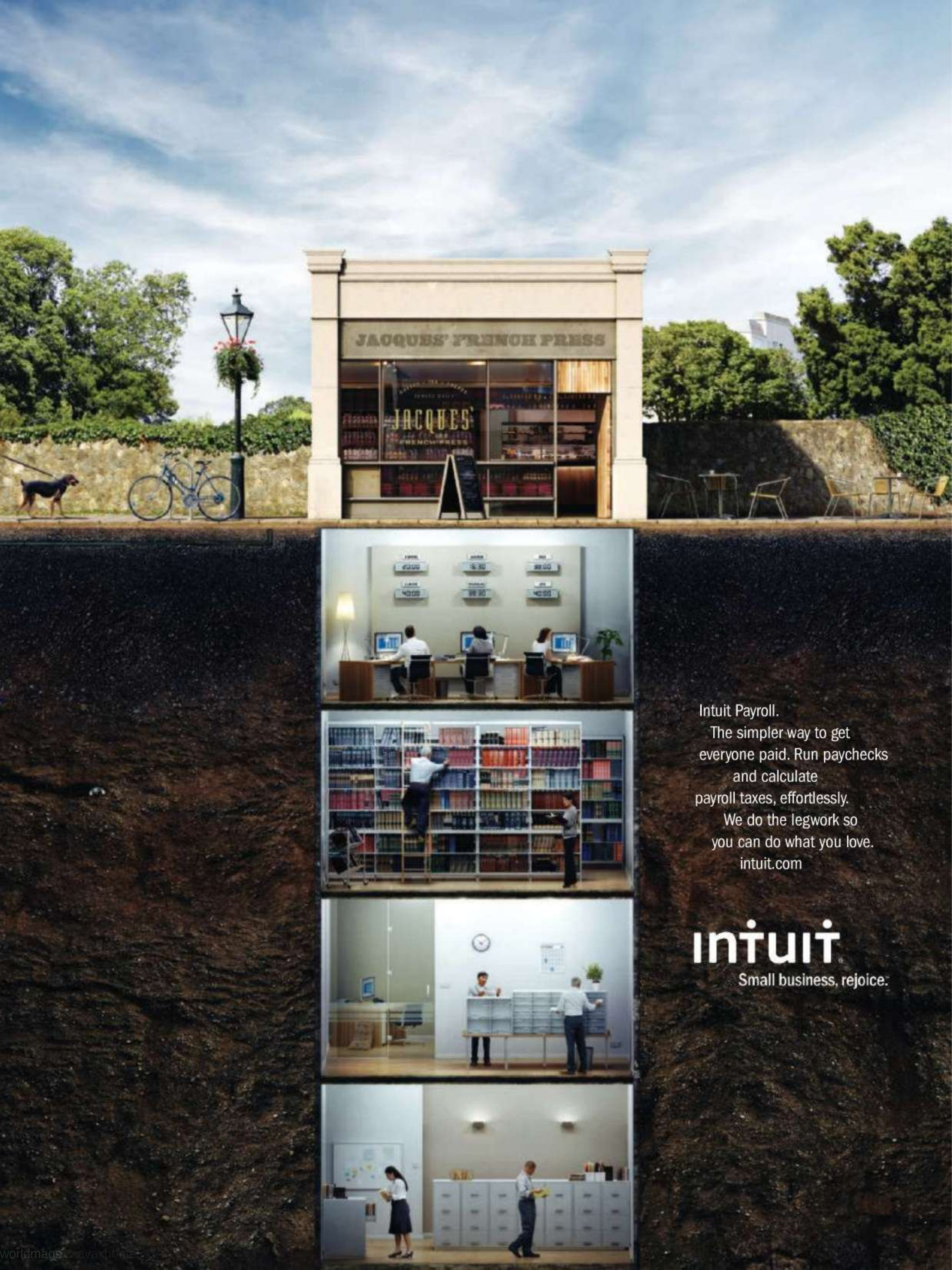
Sunday 25



The Japanese leg of the MotoGP World Championship does not take place as scheduled in Motegi. The International Motorcycling Federation delays the Grand Prix until Oct. 3 because Europe-based teams are unable to make the trip.

PHOTOS: ALAMY(1); CORBIS(2); GETTY IMAGES(11); DATA: BBC, BLOOMBERG, *BROADCAST*, CBS NEWS, *CHRISTIAN SCIENCE MONITOR*, CNN, *DER SPIEGEL*, *DAILY MAIL*, *DEUTSCHE WELLE*, ESPN, FROMMER'S, INSTITUTE OF EARTH SCIENCES, *IRISH EXAMINER*, NATIONAL AIR TRAFFIC SERVICES, NATIONAL CENTER FOR ATMOSPHERIC SCIENCE, *NATIONAL GEOGRAPHIC*, *THE NEW YORK TIMES*, REUTERS, *TELEGRAPH*, *USA TODAY*, *THE WALL STREET JOURNAL*

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Small business, rejoice.



Russian traveler Daisia Garvilova sleeps on a baggage conveyor belt in New York's John F. Kennedy International Airport on Apr. 20. She had been stranded since Apr. 15.

PHOTOGRAPH BY MARIO TAMA/GETTY IMAGES
DATA: IATA ECONOMIC BRIEFING

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$3,100

Amount GM's average transaction price is up so far this year, vs. a $1,500 increase for the auto industry as a whole

After the January recalls, Toyota's losses were estimated to be $2 billion.

$12bn

Profit to the U.S. Treasury from the sale of its Citigroup shares

Un Stuck

We've become so mentally stuck that it's easy to miss how things are wriggling free. Gone, for the most part, are the gloomy double-dip prognostications. In September the National Bureau of Economic Research confidently stamped an end date of June 2009—at least *technically*—on the downturn. ● As it turns out, we're slowly becoming unstuck. The recession stuck around for 18 months—and has been over for just as long. Since April, when investors became spooked about Greece, the Standard & Poor's 500-stock index has recouped its losses. A year and a half after filing for bankruptcy, General Motors' $23.1 billion stock offering in November suggests the reemergence of IPOs. And this month the U.S. government sold its remaining shares of Citigroup. According to a recent Bloomberg News survey, Wall Street strategists predict the S&P will rise 11 percent in 2011. ● Private equity shops have completed four times as many leveraged buyouts this year as they did in 2009, including the $5.3 billion sale of Del Monte Foods to a group led by Kohlberg Kravis Roberts. Despite the housing market's immobility, investors are driving up prices of hotels, shopping centers, and Manhattan skyscrapers: The $3 billion One World Trade Center is rising one story per week at Ground Zero. ● Globally, the combat mission in Iraq is over—*technically*—and the U.S. is forging ahead diplomatically. In November, President Obama sent a message to China by visiting India to strengthen ties with one of the world's fastest-growing economies. The White House has agreed to a trade pact with South Korea after years of delays and is becoming closer to Vietnam. It's also reassuring to know that a man stuck in a Chilean mine for 69 days can run the New York City marathon weeks later. Edison Peña finished in just over five and a half hours. Al Roker finished an hour and a half later. What's his excuse? —D.L.



The White House announced on Nov. 6 that trade with India will lead to exports of more than $9.5 billion for the U.S.





Hotel industry revenues hit $85.2 billion this year, up from $79.6 billion in 2009



Construction on One World Trade Center has reached the 50th floor



Chilean newspaper *El Mercurio* reported in November that Brad Pitt's production company, Plan B, is seeking the movie rights to the miners' story

PHOTOS: FROM TOP: EPA/CORBIS; JAMES LEYNSE/CORBIS
DATA: BLOOMBERG; SMITH TRAVEL RESEARCH; PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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Stuck

Underground

On Aug. 5 a cave-in at a Copiapó (Chile) mine leaves 33 men, including Edison Peña, stuck nearly a half-mile below ground.

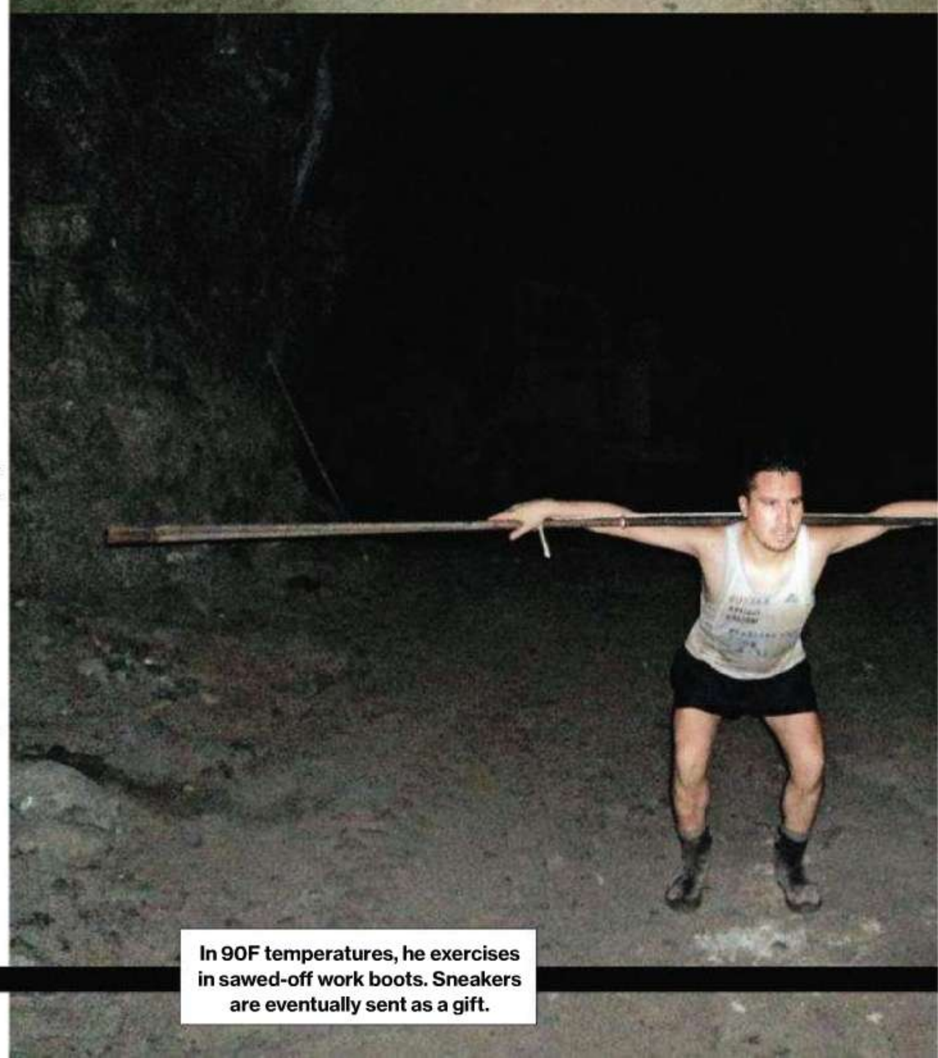




An avid runner, Peña logs three to six miles a day jogging subterranean loops. His iPod is sent down through a narrow tube.



Peña's sleeping quarters, including inspirational gifts from friends, family, and well-wishers.



In 90F temperatures, he exercises in sawed-off work boots. Sneakers are eventually sent as a gift.

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After being trapped for 69 days, Peña is rescued on Oct. 13. He embraces Alvarez.



A package containing a letter from Peña is transported to the surface for Alvarez.



Photos from a videoconference with Peña hang on the fridge of the home he shares with his girlfriend, Angelica Alvarez (pictured).





After appearing on *The Late Show with David Letterman* on Nov. 4, Peña runs the New York City Marathon in 5:40:51.

PHOTOS: EDISON PENA/ADAM PATTERSON/PANOS(9); JUSTIN LANE/EPA/CORBIS(1); JEFFREY R. STAAB/CBS(1)

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Currency



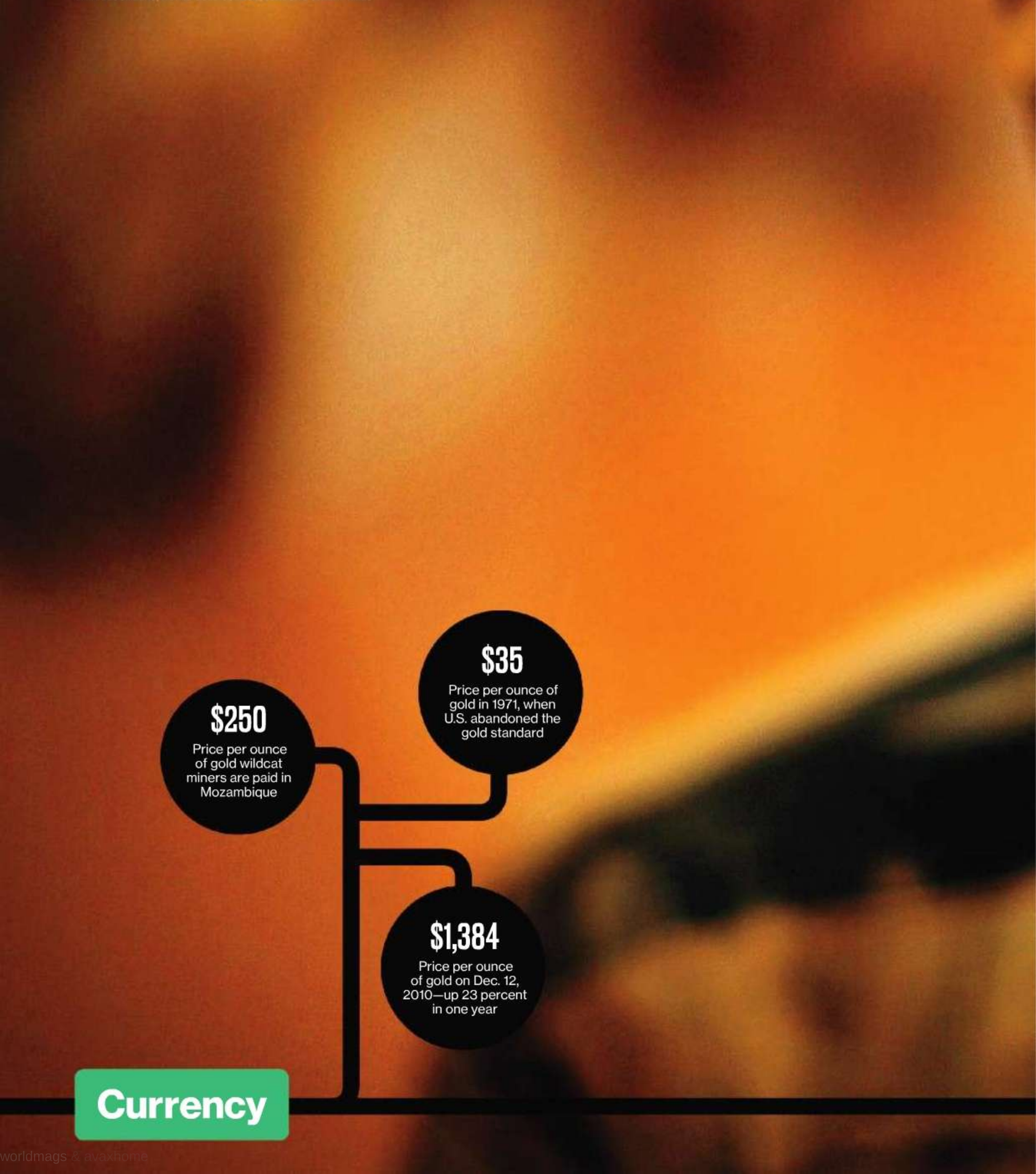
"We are experiencing a currency war. ... Devaluing currencies is a global strategy."
—Brazilian Finance Minister Guido Mantega, Sept. 27, 2010

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A black-market gold rush in Mozambique has tens of thousands of wildcat miners—many of them children—braving malaria, mercury-laced waters, and violence for meager payouts.

PHOTOGRAPH BY ROBIN HAMMOND/PANOS

DATA: BLOOMBERG; WORLD GOLD COUNCIL; LONDON'S *SUNDAY TIMES*



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8,133

metric tons of gold in U.S. official reserves

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Most years the Bureau of Engraving and Printing does its work, turning sheets of paper into bills at plants in Washington and Fort Worth, entirely out of the spotlight. Not so in 2010. Glenn Beck, Rand Paul, and Sarah Palin turned currency printing into a cause célèbre. Too much of it, they said, would trigger hyperinflation and destroy the middle class. Palin tweeted on Nov. 7 about the Federal Reserve's plan to "print $ out of thin air." ● Even in quiet times, currency has a magical quality that both fascinates and frightens people. Imbued with priest-like powers, the government—and only the government—can transubstantiate a simple piece of paper into legal tender. When the Federal Reserve exercises that awesome power to the fullest, as it did in 2010 to fight the economic slump, a backlash of suspicion is probably inescapable. Hence the rally signs: "Abolish the Federal Reserve." "The Fed. Terrorists Since 1913." And this deliciously subtle one: "Irony Is Andrew Jackson on a Federal Reserve Note." (President Jackson, in the 1830s, opposed the quasi-Fed of his day.) ● Taken literally, "printing too much money" was not the thing for anyone to worry about in 2010. The amount of currency printed and put in circulation has risen only 18 percent, or $140 billion, since the Fed went into monetary overdrive in 2008 (page 96). What has grown by $1 trillion, or 2,100 percent, is something else: banks' deposits at the Federal Reserve. Those deposits, also known as reserves, cannot directly cause inflation because they cannot be spent for goods and services. ● Still, Palin and her followers have a point. When the economy revives, banks will start making more loans, putting real money into people's pockets. Too much money chasing too few goods is the textbook cause of inflation. To prevent credit bubbles, the Fed has always insisted on limiting the amount of loans that banks can make in relation to their reserves. But because the Fed has been stuffing banks with far more reserves than they will ever need, that's no constraint at all. ● What made "printing money" such a salient notion for the Tea Party, and a catchphrase of 2010, is that currency—greenbacks—is what people think about when they think about money. Currency comes from the Latin word for "run" because that's what it does—it runs like a stream, circulating from hand to hand, lubricating commerce. In the U.S., though, paper money is fast losing ground to debit cards. And according to the Fed, most greenbacks circulate outside of the U.S. ● So the Bureau of Engraving and Printing isn't actually working overtime running the printing presses. Yet you can expect to hear the expression in 2011, too. It's a metaphor that's gained currency, so to speak, because it contains a grain of truth, and packs a wallop. —**Peter Coy**

The Treasury Dept. said on Dec. 6 it had quarantined $110 billion of new $100 bills to check for printing errors

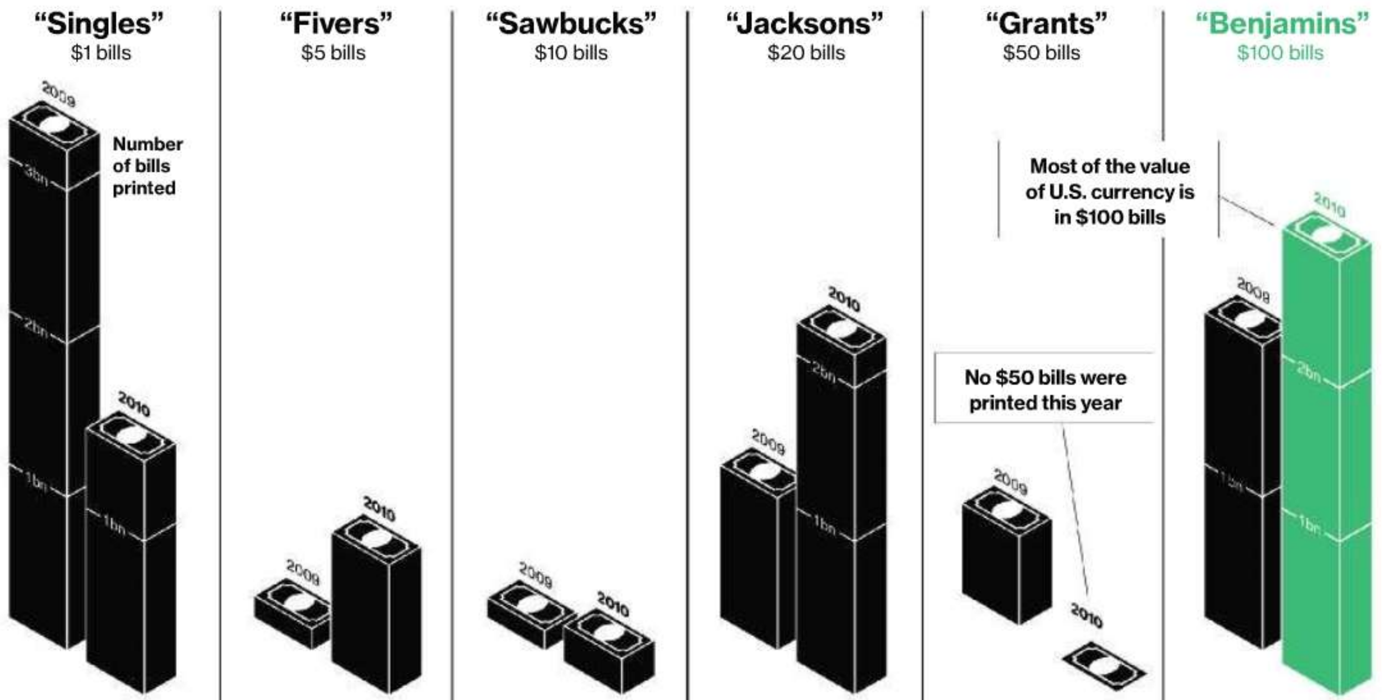
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Currency

Turning Paper into Cash



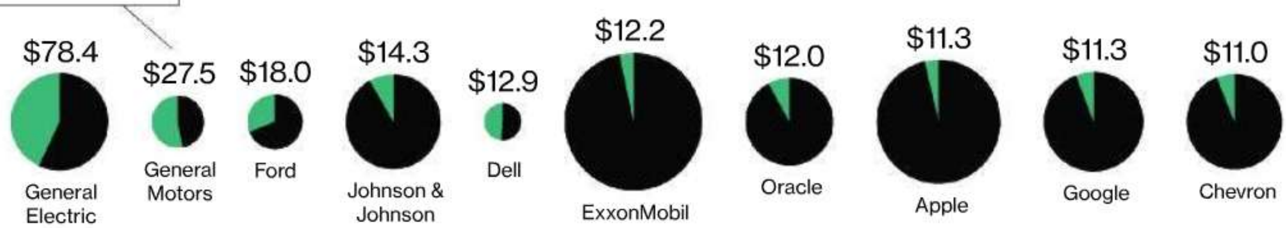
Value of 2010's $1 bills:	Value of 2010's $5 bills:	Value of 2010's $10 bills:	Value of 2010's $20 bills:	Value of 2010's $50 bills:	Value of 2010's $100 bills:
$1.5bn	**$4.0bn**	**$2.1bn**	**$45.3bn**	**$0**	**$286bn**

DATA: U.S. FEDERAL RESERVE, FEDERAL RESERVE BANK OF ST. LOUIS, BLOOMBERG

In Corporate America, Cash Is King

General Motors' $27.5 billion in cash and "near cash" accounted for 53% of the company's market value

Nonfinancial companies with the most cash in the third quarter. Circle sizes reflect market capitalization on Dec. 9.



■ Cash and cash equivalents ($ billions) as share of market cap

Less Bang for the Buck

The recent ineffectiveness of the Federal Reserve is apparent in the money multiplier, which measures how much money the banking system creates via new loans in response to an injection of reserves. The multiplier plunged in 2008 and hasn't recovered.



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How the Dollar Fared This Year

Feb. 5
Concerns over European budget deficits weaken the euro.

Mar. 26
European Central Bank President Jean-Claude Trichet tones down his opposition to the International Monetary Fund's involvement in a Greek rescue plan.

Apr. 2
Favorable news about U.S. manufacturing and jobless benefits helps the dollar vs. the Japanese yen.

May 6
Contagion from Europe's crisis hits developing nations. The Mexican peso logs its biggest one-day drop for 2010.

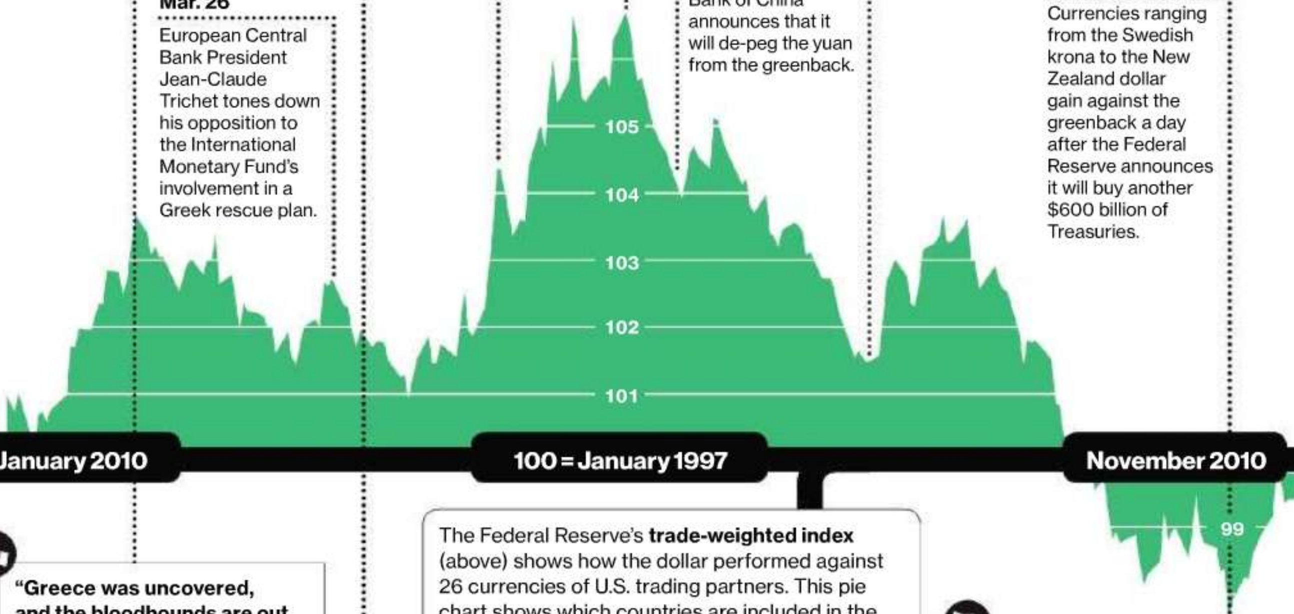
June 8
In a Bloomberg Global Poll, the U.S. supplants Brazil and China as the most attractive market for investors.

June 19
Emboldened traders move out of dollars two days after the People's Bank of China announces that it will de-peg the yuan from the greenback.

Aug. 6
A disappointing U.S. jobs report causes the dollar to fall against the British pound.

Nov. 4
Currencies ranging from the Swedish krona to the New Zealand dollar gain against the greenback a day after the Federal Reserve announces it will buy another $600 billion of Treasuries.

Nov. 26
The dollar gains against all of its 16 most-traded counterparts as tensions between North and South Korea remain high and Ireland struggles to secure an international aid package.



"Greece was uncovered, and the bloodhounds are out now in the market looking for fiscal instabilities."
—Jessica Hoversen, MF Global

"The U.S. economy is clearly recovering bit by bit."
—Kunihiko Nakaji, Mitsubishi UFJ Trust and Banking

The Federal Reserve's **trade-weighted index** (above) shows how the dollar performed against 26 currencies of U.S. trading partners. This pie chart shows which countries are included in the calculation. Their weight in the index depends on their share of U.S. imports and exports.

Index composition:



DATA: U.S. FEDERAL RESERVE, BLOOMBERG NEWS

"We are in the midst of a dollar decline, and there's more to come." —Neil Jones, Mizuho Corporate Bank

"The problems within Europe are very fundamental and are not going away."
—Kathy Lien, GFT Forex

Tim Geithner, Furrowed Guardian of the Greenback



Alert Level: Low
Speaking at a "Women in Finance" symposium on Mar. 29, 2010. No sign of concern.



Alert Level: Guarded
Testifying before Congress on Jan. 27, 2010. Slight restlessness detected.



Alert Level: Elevated
Testifying at a House Appropriations subcommittee hearing on Mar. 25, 2010. Furrows apparent.



Alert Level: Severe
Speaking to the media during the daily briefing at the White House on Apr. 14, 2010. Wrinkle criticality.

PHOTOS: FROM LEFT: TIM SLOAN/AFP/GETTY IMAGES; BROOKS KRAFT/CORBIS; BRENDAN HOFFMAN/BLOOMBERG; ALEX BRANDON/AP PHOTO

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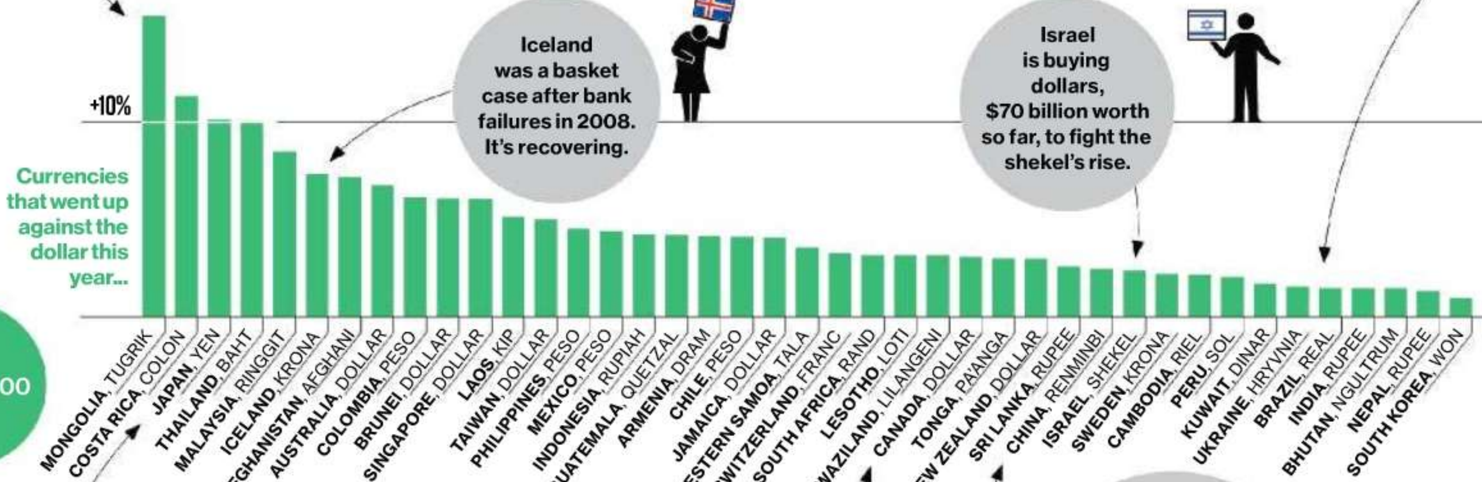
The Money That Gained and Lost the Most Against the Dollar in 2010

15.8%
The Mongolian tugrik outperformed all currencies in 2010



Opportunities for Mongolia to sell gold, copper, and coal to China had Prime Minister Sükhbaatar Batbold sitting pretty in 2010.

Percentage change against the dollar from Dec. 31, 2009, through Dec. 1, 2010



Iceland was a basket case after bank failures in 2008. It's recovering.

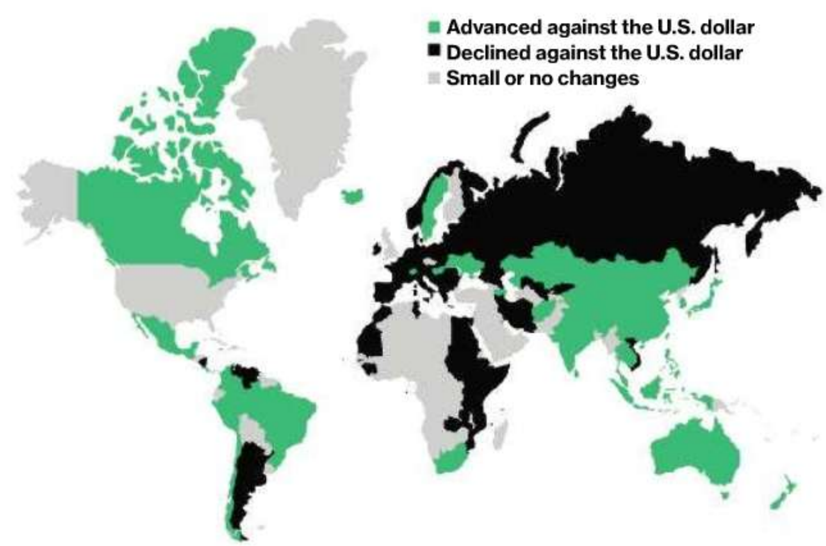
Israel is buying dollars, $70 billion worth so far, to fight the shekel's rise.

China ended the yuan's 2-year-old peg to the dollar under pressure from the U.S. and other G-20 nations. The yuan gained in value—but China kept posting big trade surpluses.

Rising prices for Canada's key exports—oil and minerals—have bolstered the loonie.

The Japanese currency, supported by a huge trade surplus, held its own in 2010 despite an anemic economy, the world's lowest interest rates, and the threat of war in nearby Korea.

Currency Hot Spots of 2010



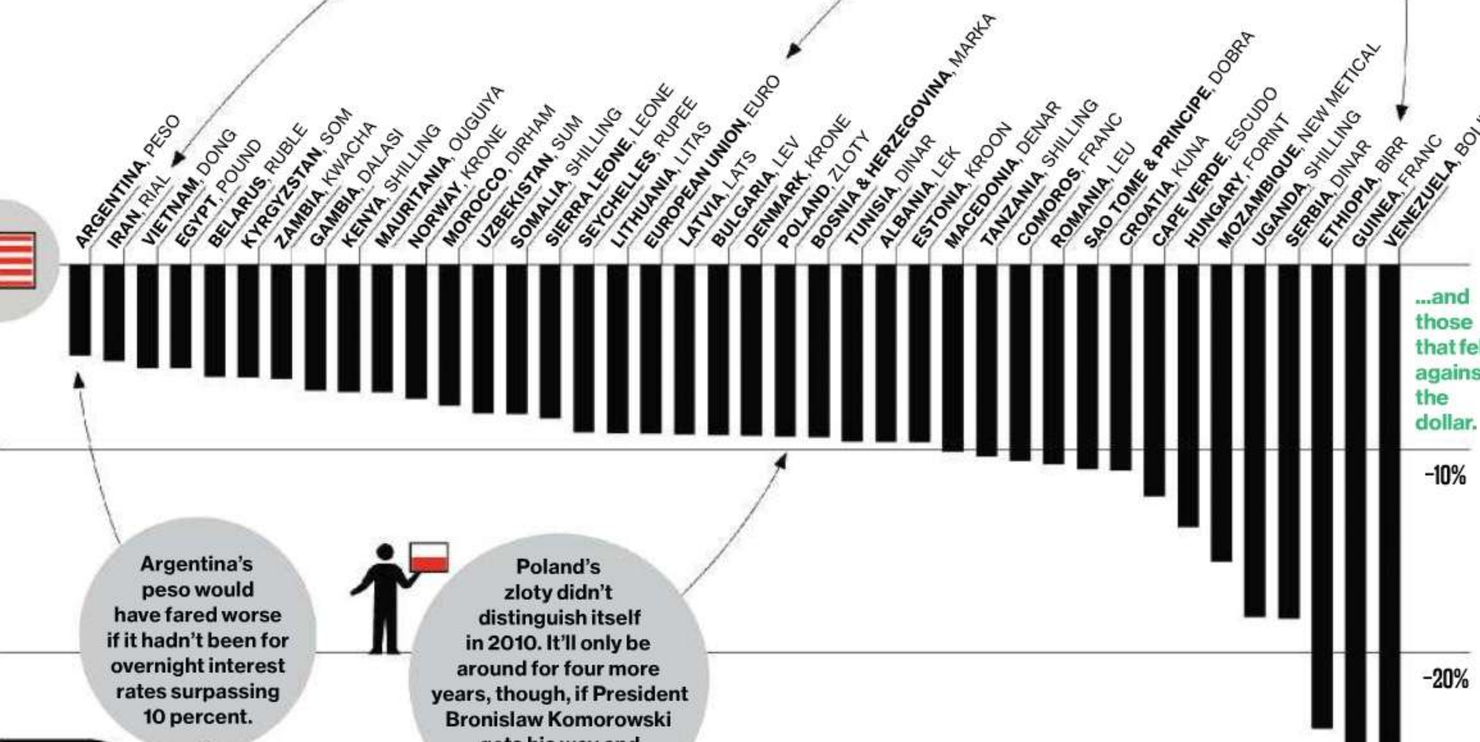
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Brazil's central bank bought dollars to fight the rise of the real. Finance Minister Guido Mantega has vowed to do whatever it takes to keep Brazilian exports competitive.

International sanctions over Iran's nuclear program contributed to a 10 percent inflation rate, undermining the value of the rial.

The euro's mild decline belies the severe stress over debts in Greece, Ireland, Portugal, and Spain.

Ethiopia devalued the birr 17 percent on Sept. 1 to help exports.



Argentina's peso would have fared worse if it hadn't been for overnight interest rates surpassing 10 percent.

Poland's zloty didn't distinguish itself in 2010. It'll only be around for four more years, though, if President Bronislaw Komorowski gets his way and Poland adopts the euro.

–50%
The bolívar fuerte lost half its value in a January devaluation



Venezuelan President Hugo Chávez kept a stronger exchange rate for "essentials" including whale wax, pickles, and codeine.

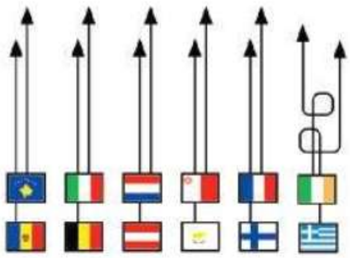
PHOTOS: FROM LEFT: NELSON CHING/ BLOOMBERG; JUAN BARRETO/AFP/GETTY IMAGES

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The Currency Manipulators' Playbook

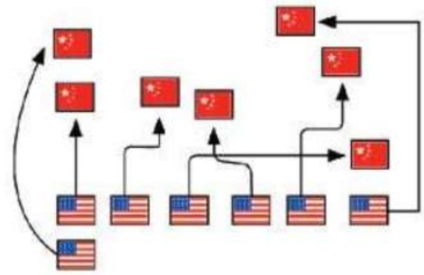
War is hell. Currency war, on the other hand, can be kind of funny. Nations' foreign-exchange strategies are like intricately diagrammed football plays—they rarely work as planned.

The Euro Lockstep



The entire European team marches down the field, arm in arm. The lockstep doesn't work so great when some players (Greece, Ireland) are weaker than others (Germany).

The Beijing Crawling Peg



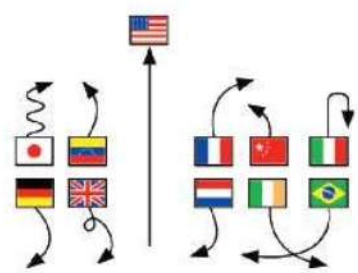
China sticks to the U.S. like glue. If the dollar goes down, so does the yuan. This is a powerful defensive alignment—the U.S. can't get an edge by devaluing its currency if Beijing covers every move.

The Brazilian Blocking Formation



Brazilian Finance Minister Guido Mantega, who introduced "currency war" to the 2010 lexicon (*obrigado*, Guido) fights Yankee-induced inflation with a strong perimeter defense, including a 6 percent tax on foreign purchases of Brazilian bonds.

The American Zone Flood



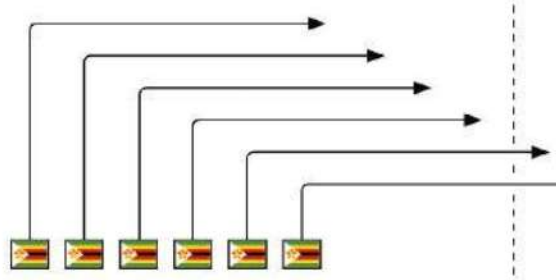
To move the U.S. economy down the field, Ben Bernanke says he'll buy another $600 billion in Treasuries. Flooding the zone with greenbacks knocks down the dollar. Opposing teams cry foul.

The Venezuelan 'Fuerte'



In 2008, Venezuelan President Hugo Chávez renamed his nation's currency the bolívar fuerte—fuerte being Spanish for strong. Trick play! In January 2010 he devalued the "strong" bolívar 50 percent against the hated Yankee dollar.

The Zimbabwean Hail Mary



The Hail Mary pass is a desperate play. So it was in Zimbabwe, which abandoned its currency entirely in 2009 after inflation reached 500 billion percent. In 2010 those 100 trillion dollar notes were collectors' items.

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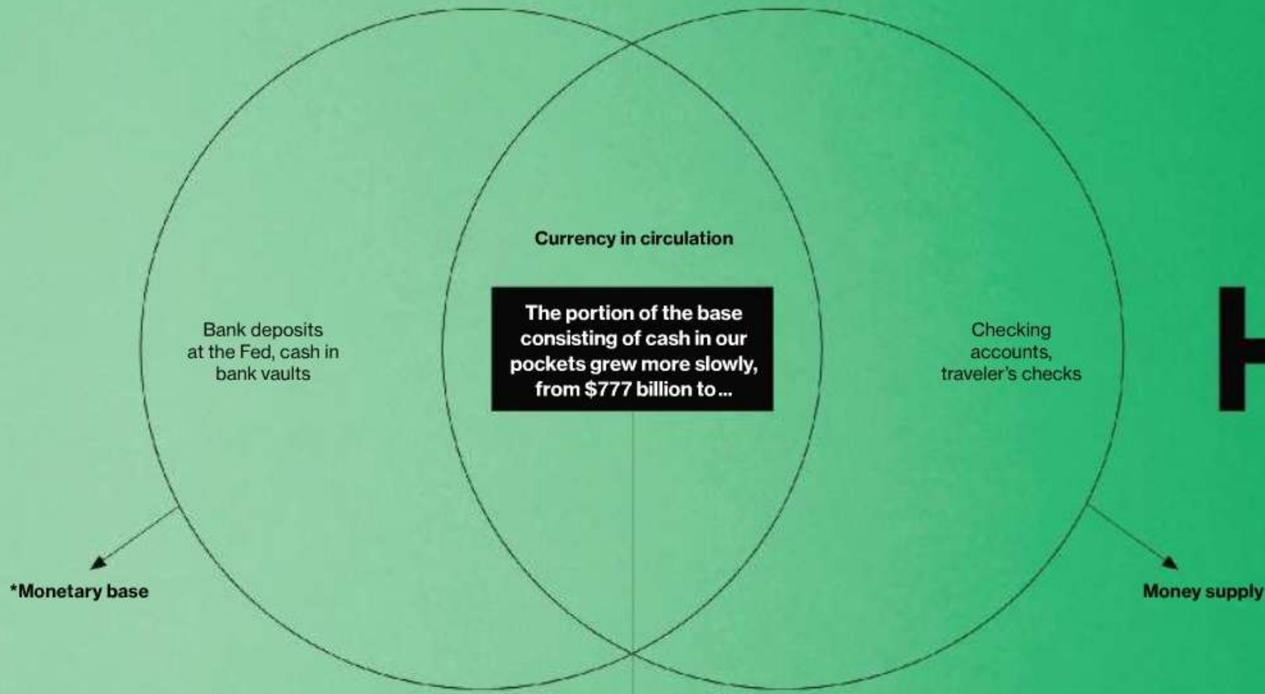
Currency

Since August 2008, the monetary base* has exploded from $875 billion to...

$1,996,054,000,000



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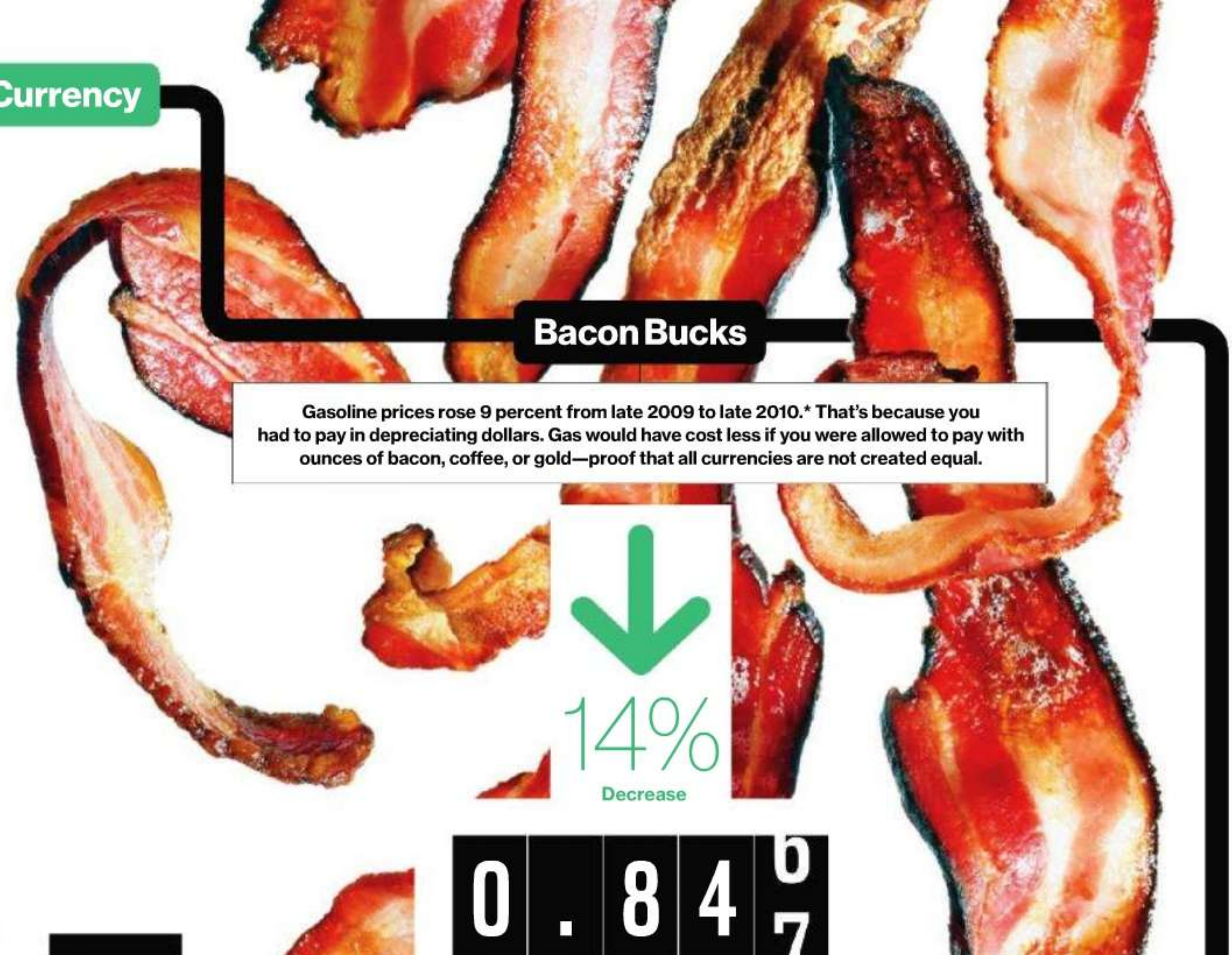


$917,200,000,000



PHOTOGRAPH BY SARAH ILLENBERGER
DATA: FEDERAL RESERVE BANK OF ST. LOUIS

Currency



Bacon Bucks

Gasoline prices rose 9 percent from late 2009 to late 2010.* That's because you had to pay in depreciating dollars. Gas would have cost less if you were allowed to pay with ounces of bacon, coffee, or gold—proof that all currencies are not created equal.

14%
Decrease

One gallon of gasoline cost .85 of a pound of uncooked bacon in 2009

One gallon of gasoline costs .73 of a pound of uncooked bacon in 2010



The cost of gasoline? It depends on your choice of currency

*Nov. 22, 2009, to Nov. 22, 2010

If You're Buying Gas with...



U.S. Dollar
9%
Increase



Euro
0%
No change



Gold
7%
Decrease



Silver
26%
Decrease



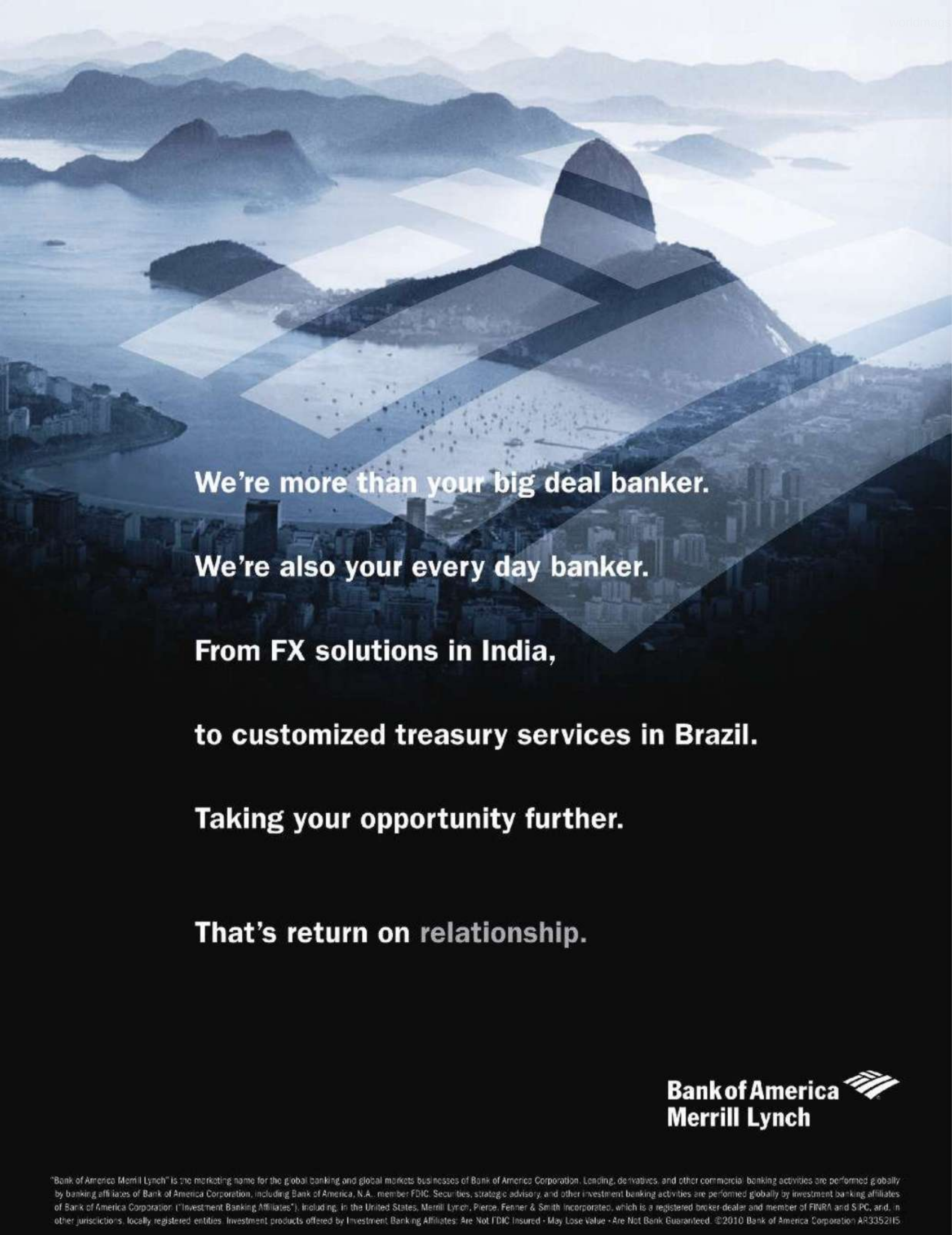
Cigarettes
3%
Increase



Coffee
24%
Decrease

PHOTOS: CLOCKWISE FROM TOP: KANG KIM/GALLERYSTOCK; DAVIES AND STARR/GETTY IMAGES; SORA/CORBIS; ISTOCKPHOTO; SCIENTIFICA/VISUALS UNLIMITED/GETTY IMAGES; DENIS DOYLE/BLOOMBERG; CHRIS RATCLIFFE/BLOOMBERG; DATA: BLOOMBERG, CAMPAIGN FOR TOBACCO-FREE KIDS

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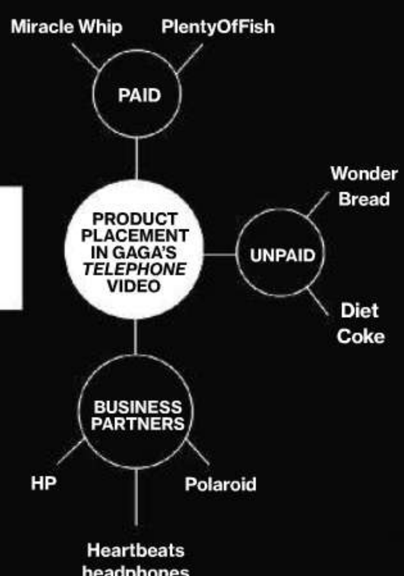
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pounds of beef are consumed by the average American each year

Lady Gaga wore a meat dress —made mostly from flank steak— to the MTV Video Music Awards on Sept. 12

PHOTOGRAPH BY MIKE BLAKE/REUTERS

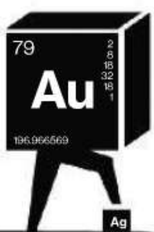
DATA: *AD AGE*, USDA

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Gaga



"You won't be able to order a cup of coffee at the f---ing deli without hearing or seeing me," Lady Gaga told her boyfriend in 2008. It took only two years for her prophecy (or threat) to come true. Tickets to her Monster Ball global tour were so in demand that Stefani Germanotta (Gaga has a real name) expanded it from 30 to 106 cities. Her provocative music videos made her the first person to get more than 1 billion hits on YouTube; fans bought 14 million albums and 53 million singles. In China—where it's faddish to exclaim, "Oh my, Lady Gaga!"—she's replaced God in the vocabulary (page 124). As her stage name suggests, she is a bundle of contradictions—a masterful mimic (she's studied everyone from Madonna to Andy Warhol) who seems strangely authentic. She is a new kind of premeditated, unmediated, instant pop star, and all that's exuberantly gaga about 2010. Who will ever be able to look at a piece of raw meat in the same way again? ● This was also the year that economic worries drove people gaga and into the streets. Furious about tuition increases, students pelted Prince Charles' Rolls-Royce (page 116). Strikes in France, some over a proposal to raise the retirement age, cost at least $270 million a day in lost business. The angry showed up in Toronto for a trade meeting and spray-painted obscenities in the financial district. In the search to assign blame, some in the U.S. rallied around Ron Paul's once-quixotic campaign to discredit the Federal Reserve. Karl Rove collected $38 million from the disenchanted to help give President Obama and the Democrats a "shellacking." ● Many anxious Americans went gaga for another groundbreaking celebrity. Sarah Palin's Tea Party symbolized an explosive frustration with the status quo, and her political action committee raised $3.3 million. Palin, too, is brilliantly derivative and compellingly original—a new kind of premeditated, unmediated, instant pop star. The genius of Gaga and Palin is their promise that the frenzy they inspire is for our benefit, not theirs. Lady Gaga said of her fans: "I want to make the one melody that really saves your spirit." The Mother of all Grizzlies told her Tea Party fans: "I will live and die for this cause." During the shell-shocked upheaval of 2008 and 2009, their brand of fame-seeking may not have drawn us in. We were too hunkered down. In 2010—disgruntled and looking for escape—we went gaga for it. **——Susan Berfield**







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Visit **google.com/adwords/plan** to see how AdWords can help you attract more customers and grow your business. Let's get the economy clicking again!

Google AdWords

*Offer is only valid for new AdWords customers with self-managed signup accounts. You will need to spend $100 before 02/15/11 to qualify for promotional credit. Afterwards, we will send you a $100 credit via email. Offer subject to ad approval, valid registration, and acceptance of the Google AdWords Program standard terms and conditions. The promotional credit is non-transferable and may not be sold or bartered. Offer may be revoked at any time for any reason by Google Inc. One promotional credit per customer. This offer cannot be combined with any other promotion. You may be subject to a $5-10 (CAD10-20) activation fee, depending on your preferred billing options. Your billing address must be in the U.S. or Canada. Offer expires 12/31/10. Sorry for the legal jargon!

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The Essentials of 2010 ... By Weight

A highly unscientific survey of this year's most coveted elements, commodities, and goods—all priced by the pound



Terbium is used to manufacture the screens in nearly every smartphone



Nearly all rare earth metals, including neodymium, essential to hard-drive magnets, are mined in China, which temporarily halted exports this fall



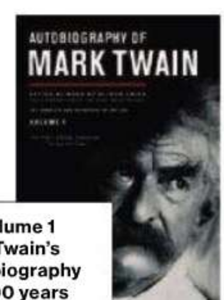
A London hedge fund manager known as Chocolate Finger made a huge purchase—enough to make 5 billion chocolate bars—in July, causing prices to spike



Russia banned exports after a withering drought damaged crops

Gaga
Pork Bellies
$1.05
Palm Oil
$0.62
Sugar
$0.29
Potash
$0.25
Soybeans
$0.23
Wheat
$0.12
Live Cattle
$1.07
Cocoa
$1.34
Cotton
$1.37
Orange Juice
$1.53
Turmeric
$1.55
Nickel
$1.77
Coffee
$2.03
Rubber
$2.12
Four Loko
$2.12
Copper
$4.31
Auto-biography of Mark Twain
$5.34
Nissan Leaf
$9.74
Cerium
$24.04
Lanthanum
$25.40
Neodymium
$36.29
Yttrium
$36.29
Gadolinium
$40.37
Praseo-dymium
$43.09
Erbium
$58.97
Squinkies
$63.27
Dysprosium
$170.10
Holmium
$272.16
Call of Duty: Black Ops
$330.98
iPad
$332.67
Silver
$414.35
Lutetium
$589.67
Terbium
$1,179.34
Conan O'Brien stand-up ticket
$3,950
Scandium
$7,484.27
Palladium
$10,685.21
Niobdynium
Gold
$20,241.67

Gold, the haven of choice for the risk-averse, gained nearly 30 percent



Volume 1 of Twain's autobiography is 100 years old, 760 pages long, and sold out on Amazon.com



Imagine the service fees if Ticketmaster sold Conan tickets by the pound



The tiny collectibles made of squishy plastic are a hot holiday buy



Heavy rains in Asia helped push coffee prices up 51 percent



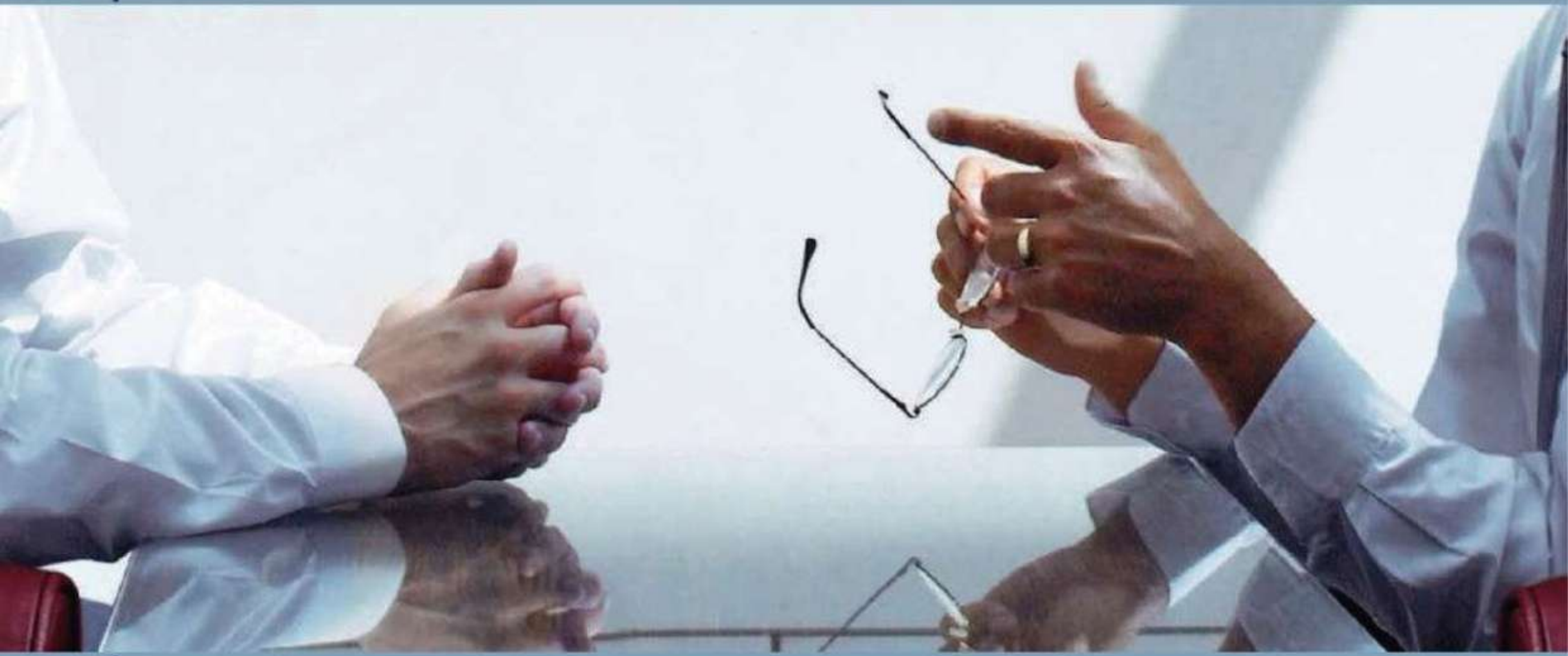
Investors cured of the gold bug should try palladium, which hit a nine-year high in October

PHOTOS: BLOOMBERG(4); ALAMY(1); GETTY IMAGES(3); DATA: BLOOMBERG, AMAZON.COM

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Belize

On Nov. 13, two weeks before the U.N. climate talks, a group of about 250 people created this "aerial art" to draw attention to the warming of the oceans and the damage caused to barrier reefs. In 2010, the temperature of the world's oceans was **.92F above the average for the century**.

Gaga



Protests Around the World

London

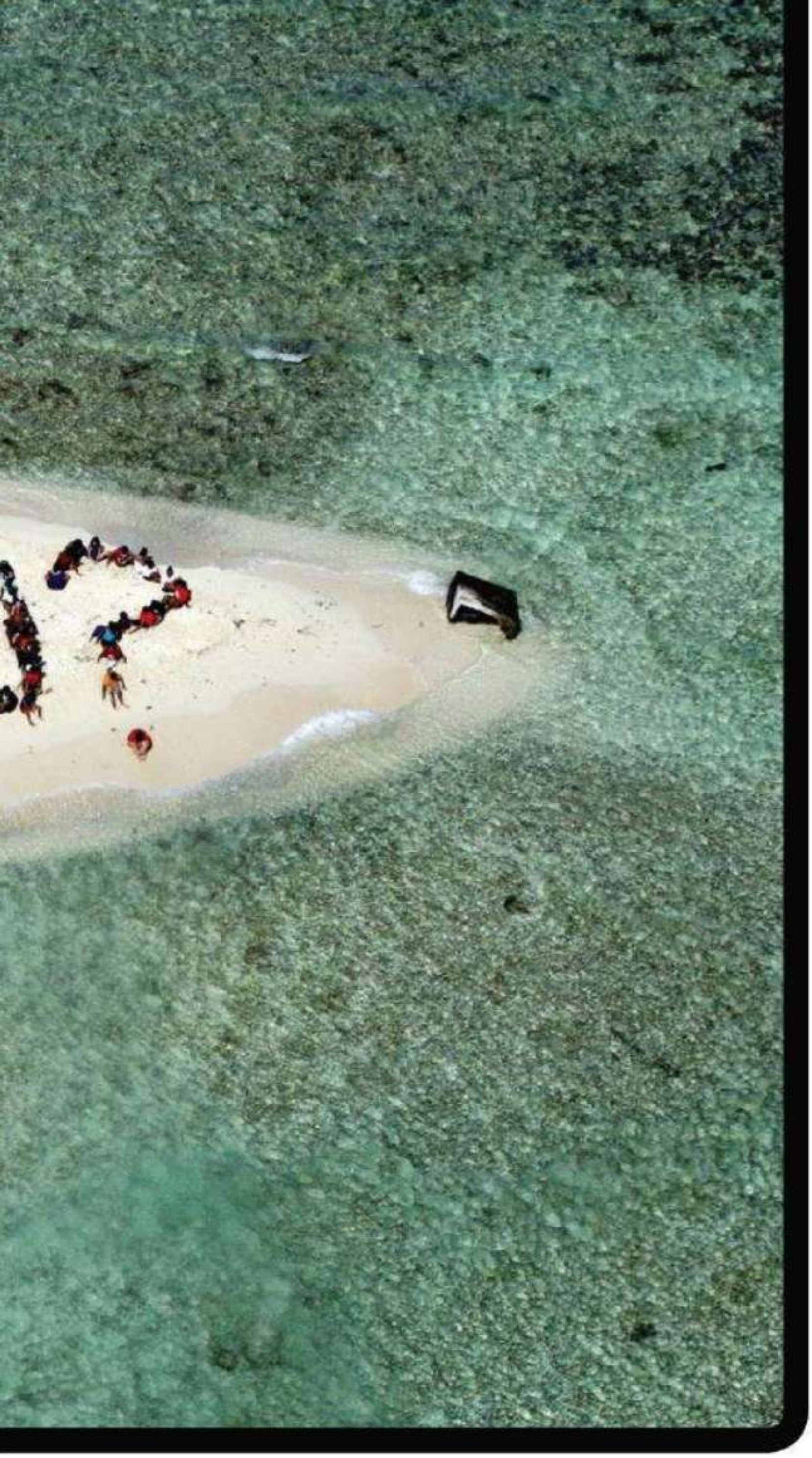
More than 50,000 people massed near Parliament on Dec. 8 to protest a **200 percent hike in university tuition.** Some tried to storm the Westminster building that houses the Conservative Party. The next night, a mob attacked the Rolls-Royce carrying Prince Charles and his wife, Camilla, to the theater, breaking a window and splattering white paint on the vehicle.

France

One million people demonstrated in Paris and other cities on Sept. 7 against President Nicolas Sarkozy's plans to **raise the minimum retirement age from 60 to 62.** Protests and strikes, which continued through the end of October, closed schools and halted refinery production. Flights and trains had to be canceled. Sarkozy's approval rating fell to 29 percent.

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China & Japan

A Sept. 7 collision between a Chinese trawler and Japanese coast guard boats led to international acrimony. In Tokyo, **3,000 people chanted anti-Chinese slogans** while hundreds of Chinese protested at the Japanese embassy in Beijing. China temporarily halted exports to Japan of rare earth metals—vital in many high-tech products.

WikiLeaks

Some businesses severed ties with WikiLeaks after it began releasing **250,000 secret diplomatic cables** on Nov. 28. Anonymous, an activist hackers' group, retaliated against the Visa and MasterCard sites. Downloads of its cyberattack software hit 10,000 a day after WikiLeaks founder Julian Assange was arrested on Dec. 7.

Arizona

Protesters organized an economic boycott after Arizona passed an unprecedented anti-immigrant law on Apr. 23. Arizona's Hotel and Lodging Assn. reported a loss of $15 million in revenue four months after its passage. The Center for American Progress estimated that the total economic damage of the boycott since April comes to **$141 million**.



Thailand

Clashes between Thai forces and antigovernment protesters raged across Bangkok for two months, killing 89 people, injuring 1,800, and damaging much of the city. The leader of the so-called Red Shirts surrendered to police on May 19. Afterward, his followers set fire to banks and the stock exchange. That month **foreign investors sold $1.81 billion worth of Thai stock**.



New York

A Muslim group's plans to build a **$100 million** community center and mosque two blocks from Ground Zero sparked furious debate across the country. Throughout the summer and into the autumn, protesters on both sides gathered at the site. A pastor of a small congregation in Florida threatened to burn copies of the Koran on Sept. 11 but didn't.



Greece

Protests against wide-ranging austerity measures preceded **a $146 billion bailout of Greece on May 2** by the European Union and International Monetary Fund. Strikes shut down public services and disrupted transit. Demonstrators threw firebombs at buildings in Athens; three bank employees died. By August, unemployment had hit 12.2 percent, the highest rate since 2004.

PHOTOS: COUNTERCLOCKWISE FROM TOP LEFT: LOU DEMATTEIS/SPECTRAL Q; KOSUKE OKAHARA; MARK PETERSON/REDUX; GERASIMOS KOILAKOS/INVISION/AURORA PHOTOS; MATT DUNHAM/AP PHOTO

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Gaga

C-Suite Gaga

Going gaga isn't just for pop stars. Business leaders do it all the time. Some of their ideas just might be gaga enough to pay off

Blockbuster CEO James Keyes in June: "I think we coexist quite well with Netflix." Blockbuster declares bankruptcy three months later

Billionaire investor Ron Burkle tries—and fails—to wrest control of Barnes & Noble from his onetime friend Len Riggio

Target CEO Gregg Steinhafel apologizes after supporting a Minnesota gubernatorial candidate opposed to gay rights

The HP board fires CEO Hurd and hires former SAP CEO Léo Apotheker

Warren Buffett names unknown Todd Combs to manage part of his $113 billion portfolio

Jimmy Lai, founder of Next Media Animation, builds a company based on goofy digital recreations of news events

Larry Ellison slams Hewlett-Packard board members for firing CEO Mark Hurd, calling the decision "the worst ... since the idiots on the Apple board fired Steve Jobs"

Billionaire Stephen Schwarzman compares Obama's proposal to end tax loopholes to Hitler's invasion of Poland

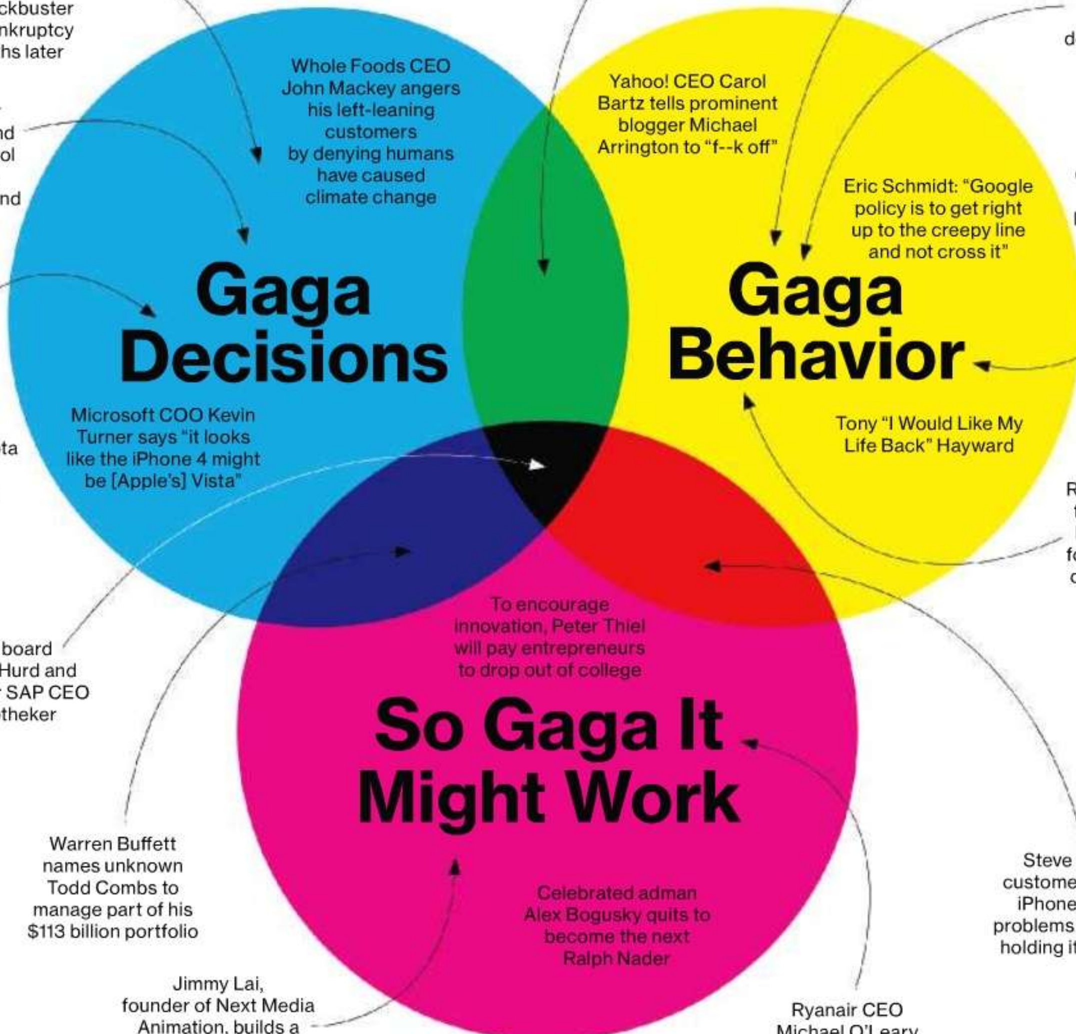
Sumner Redstone leaves a voice mail demanding a journalist divulge his source. "We're not going to kill him..."

Cleveland owner Dan Gilbert pens a rambling open letter after losing LeBron James to Miami

Rupert Murdoch's Fox feuds with Comcast, leading to blackouts for more than 3 million customers during the World Series

Steve Jobs tells customers reporting iPhone reception problems to "just avoid holding it in that way"

Ryanair CEO Michael O'Leary proposes that planes include "standing seats" to fit more passengers



The 'Too Damn High' List



Jimmy McMillan

The karate instructor's "Rent Is Too Damn High" party won 1 percent of the vote in the New York gubernatorial race



The $625 Cookbook

Nathan Myhrvold, Microsoft's ex-technology chief, spent millions to produce a 2,400-page modernist cookbook



Whitman's Folly

Ex-eBay CEO Meg Whitman donated $142 million to her own campaign for California governor—and lost



Auto Bonanza

November's $18 billion IPO for GM—the formerly bankrupt bailout recipient—was the second-largest in U.S. history



Deal's Off!

It's hard to say which is stranger: that Google offered $6 billion to buy daily deals site Groupon, or that the startup rejected it

PHOTOS: BLOOMBERG(1); GETTY IMAGES(3)

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Gaga

Worldwide viewers of the final World Cup match between Spain and the Netherlands

700

Million



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Viewers of the 2010 Super Bowl between the New Orleans Saints and Indianapolis Colts

106 Million

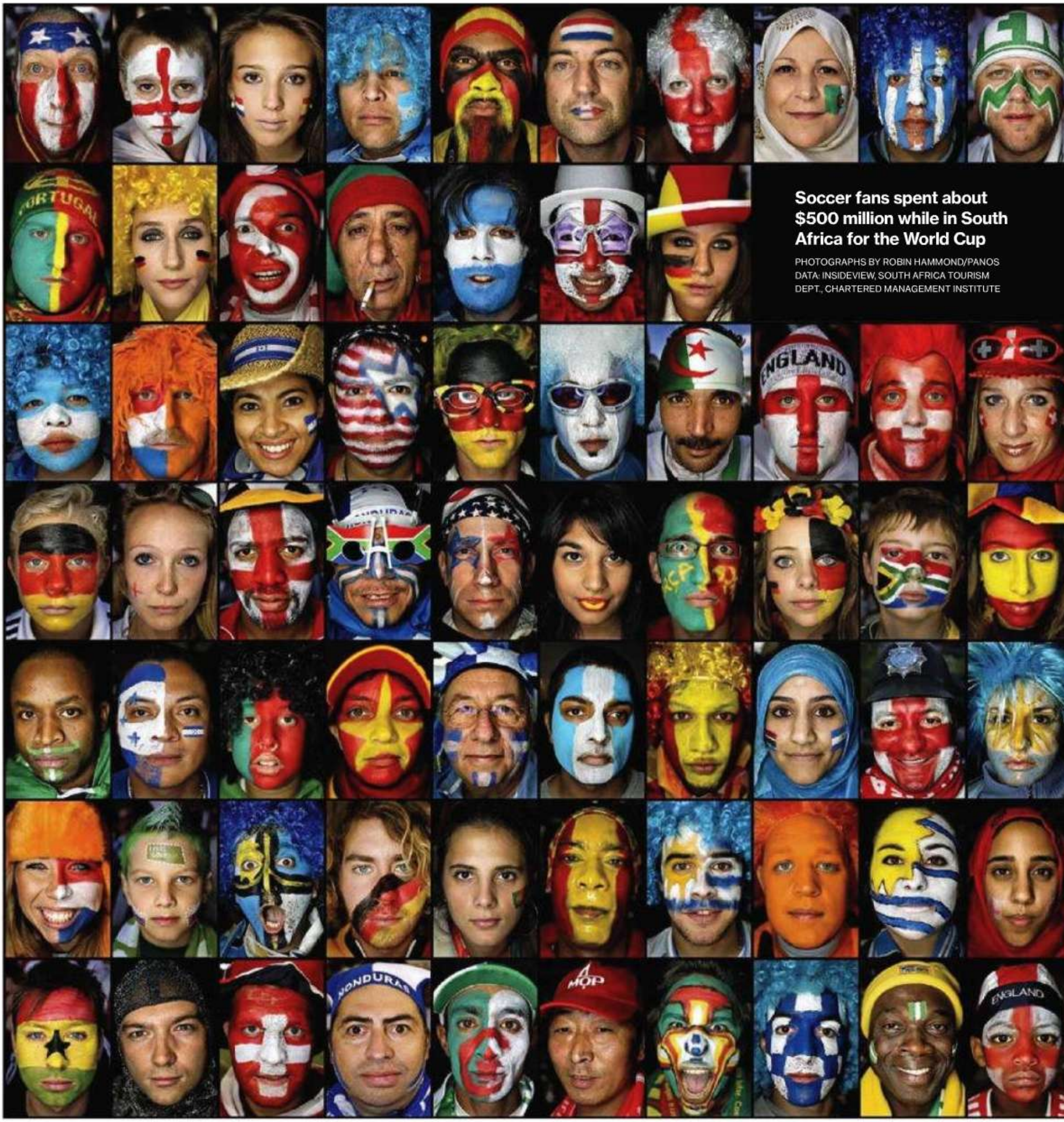
Viewers of LeBron James' announcement of his decision to leave the Cleveland Cavaliers for the Miami Heat

9.95 Million



PHOTOGRAPH BY SARAH ILLENBERGER
DATA: FIFA, NIELSEN

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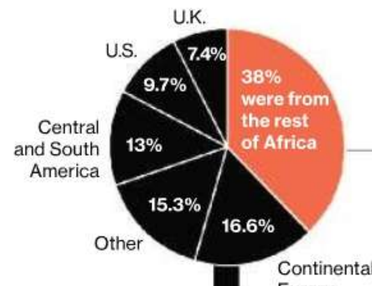


Soccer fans spent about $500 million while in South Africa for the World Cup

PHOTOGRAPHS BY ROBIN HAMMOND/PANOS
DATA: INSIDEVIEW, SOUTH AFRICA TOURISM DEPT., CHARTERED MANAGEMENT INSTITUTE

$1.5bn
Amount of GDP lost in Britain due to lower productivity during the World Cup

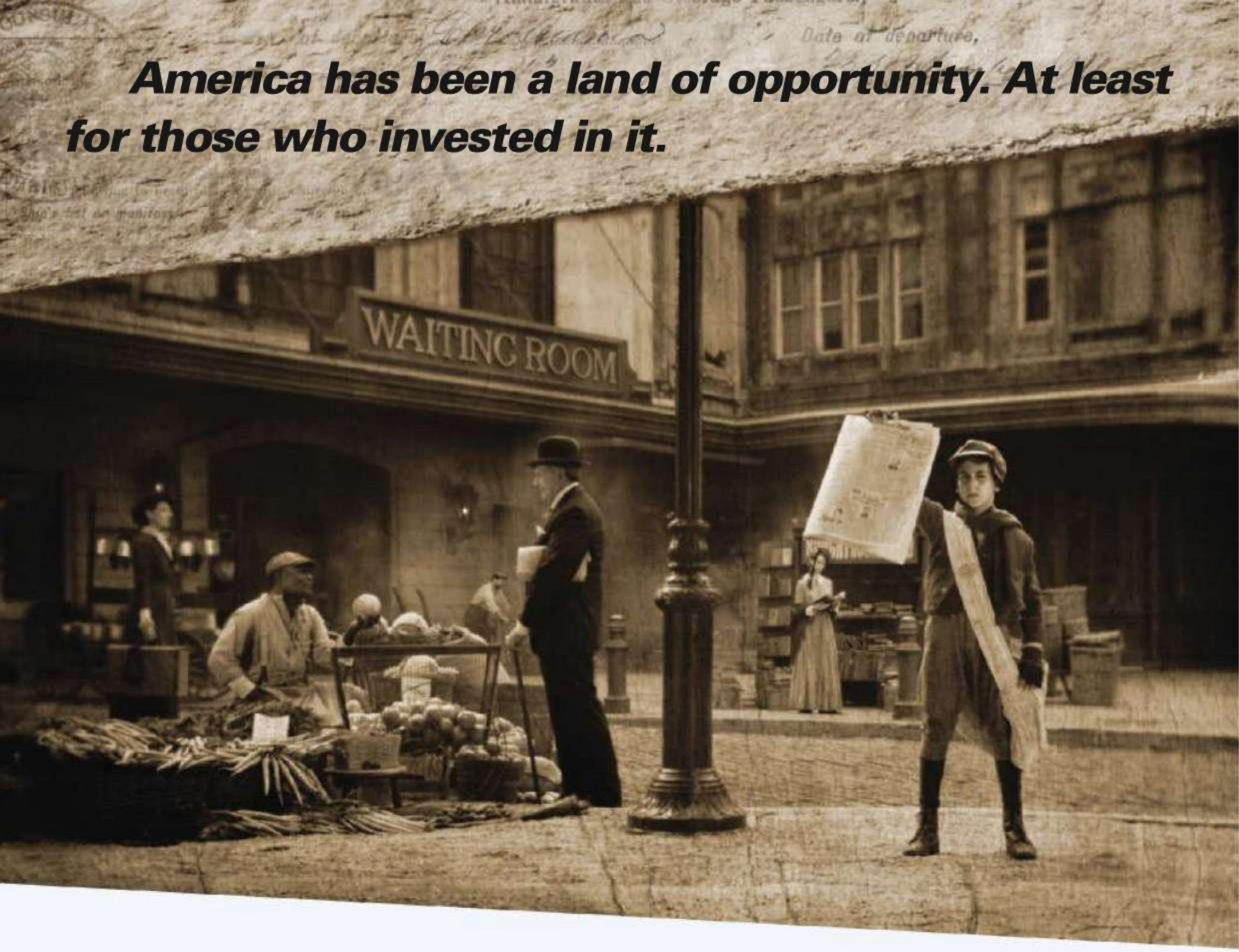
95mn
Average number of global viewers per match



309,554
Number of foreign visitors to South Africa for the tournament

Gaga **World Cup**

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Le Gaga

In 2010, agricultural company China Linong changed its name to Le Gaga and went public. Its ticker symbol? GAGA.



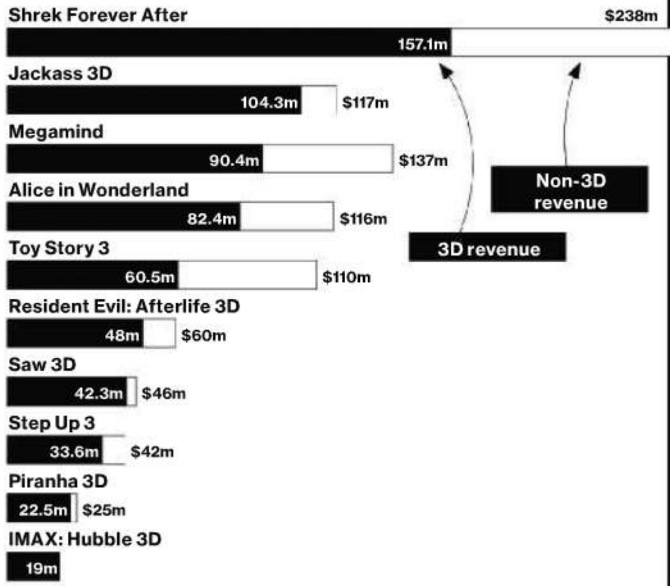
$103mn Amount Le Gaga raised in a U.S. IPO on Oct. 29

16 The number of farms Le Gaga operates, mostly in Southern China

21 Companies with U.S. IPOs in October, the busiest month since December 2007

Extradimensional Gaga

Post-*Avatar* Hollywood is obsessed with the third dimension, but theater owners haven't upgraded all their screens yet. Movies in 3D with wide releases, like *Shrek Forever After*, still rely heavily on 2D screens.



The Gaga Life Cycle: Chatroulette.com

NOVEMBER 2009 A 17-year-old high school dropout writes code in his bedroom in Moscow.



The result: a site that randomly pairs strangers in an Internet video chat room.



It quickly becomes a hit with students, early adopters...



...and perverts and exhibitionists.

The media love it. Venture capitalists circle around the site and its founder.



Rampant exhibitionism turns off users. The site goes cold.



AUGUST 2010 His gaga days in the past, the teen keeps tinkering alone.



124

The 'Don't Touch My Junk!' Meter

Thanks to John Tyner's videotaped protest against a Transportation Security Administration pat-down, "Don't touch my junk!" became a rallying cry for all sorts of privacy violations.

The National Labor Relations Board sues a Connecticut company for allegedly firing a worker who derided her supervisor in a Facebook post

Zynga games and other Facebook applications unintentionally divulge millions of users' private information to advertisers

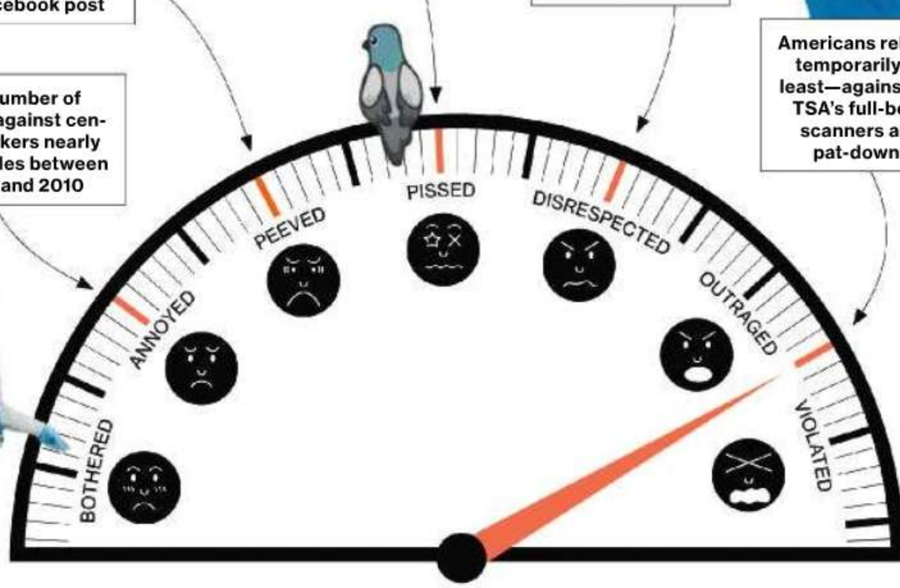
A quarter-million Germans demand that Google obscure images of their homes and businesses in the company's Street View product



Americans rebel—temporarily, at least—against the TSA's full-body scanners and pat-downs

The number of threats against census workers nearly quadruples between 2000 and 2010





PHOTOS: BLOOMBERG(1), AP PHOTO(1), GALLERYSTOCK(1); DATA: BLOOMBERG, BOX OFFICE MOJO

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Gaga

50 People and Things That Got a Boost in 2010

Tea Party
New movement helps Republicans retake the House

High-speed rail
China has the world's longest network—and plans to double it in the next decade

Marc Andreessen
Netscape wunderkind makes big bets on Valley startups

Elon Musk
Tesla's CEO rides a successful IPO into Wall Street's good graces



Bush tax cuts
Congressional compromise likely to preserve them

GM and Chrysler
Left for scrap, Detroit automakers rev up rusty engines

AMC
The Walking Dead continues reanimation of the *Mad Men* network



Zombies
Undead TV shows, books, and games reanimate a pop culture trend

Anonymous political contributions
Citizens United ruling gives business an election edge

Chamber of Commerce
Washington lobbying group torments Obama

Productivity
Business keeps making more with less

Corporate profits
While consumers pinch pennies, companies are rolling in cash

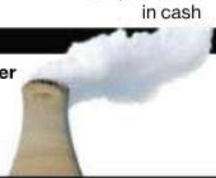
Friendly tycoons
Mark Zuckerberg joins the ranks of moguls pledging to donate most of their dough

Bike-sharing
Two-wheeler lending programs come to major U.S. cities



Piggy banks
They're fuller: Americans' personal savings rate hits 5.7 percent

Nuclear power
Dawn of a new Atomic Age?



Text message donations
OMG! Cell phone users give over $40 million for Haiti relief

Brazil
Unremarkable presidential election is a vote for stability

Bank fees
New regulations may mean the end of free checking

Landon Donovan
U.S. soccer's only household name

John Boehner
Won't cry (let's hope) over likely promotion to House Majority Leader

Elizabeth Warren
Overcomes Wall Street opposition to create a consumer protection bureau

Weird weather
Moscow burns while glaciers melt

Gourmet food trucks
Offspring of David Chang and a UPS truck

Pop-up stores
Marketers make savvy use of retail vacancies

Vinyl records
New wave of appreciation sends people back to the record store

Bedbugs
Robert Pattinson isn't the only omnipresent bloodsucker

Bachelorhood
The median marriage age for men rises to 28 this year; for women, it's 26

Sarah Palin
Mama Grizzly hosts a reality show and gets a running start on 2012



Daughter Grizzly
To liberals' chagrin, Bristol Palin performs well on *Dancing with the Stars*

Stieg Larsson
The Swede's estate is a publishing powerhouse, with 46 million books sold



Angry Birds
With more than 36 million game downloads, the irate avians catapult to fame

End the Fed
Hostility to Chairman Ben Bernanke builds

Pauls
End the Fed author Ron and son Rand ride anti-government wave

Tilapia
Wal-Mart imports 8.8 million pounds a month of the bland fish

Rare earth metals
Essential in everything from iPhones to Priuses

Glee
The No. 1-rated show is music to the ears of 13.6 million viewers per episode

Paul Krugman
The Nobelist's earlier calls for more stimulus now look prescient



Space travel
High-flying startups prepare for launch

Groupon
Reached $1 billion in revenue faster than Facebook and Google did

Tech M&A
Companies have billions in cash and are ready to use it

Privacy anxiety
The Internet knows—and remembers—nearly everything

Baidu
China is Robin Li's kingdom after Google bows out

Tablets
Device manufacturers want a piece of the Jobs market

Video calls
The future promised to us in 1985 is finally here

Facebook
Blows past the 500 million user mark and keeps growing

4G
High-speed wireless is coming soon to a city near you

Next Media Animation
Quick CGI recreations of big events—Tiger's affairs, Antenna-gate—are YouTube hits

Online TV
Prepare to say goodbye to $100 cable bills

Anonymous
Anarchic hackers take down sites to protest WikiLeaks censorship



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Gaga



Justin Bieber earns at least $300,000 per concert

PHOTOGRAPH BY CHRIS PIZZELLO/AP PHOTO
DATA: SMOKING GUN, AMAZON.COM

89
Rank on Amazon.com of the 16-year-old's just-published memoir, *Justin Bieber: First Step 2 Forever*

400,000
Circulation of *J-14*, a celebrity magazine for tween girls

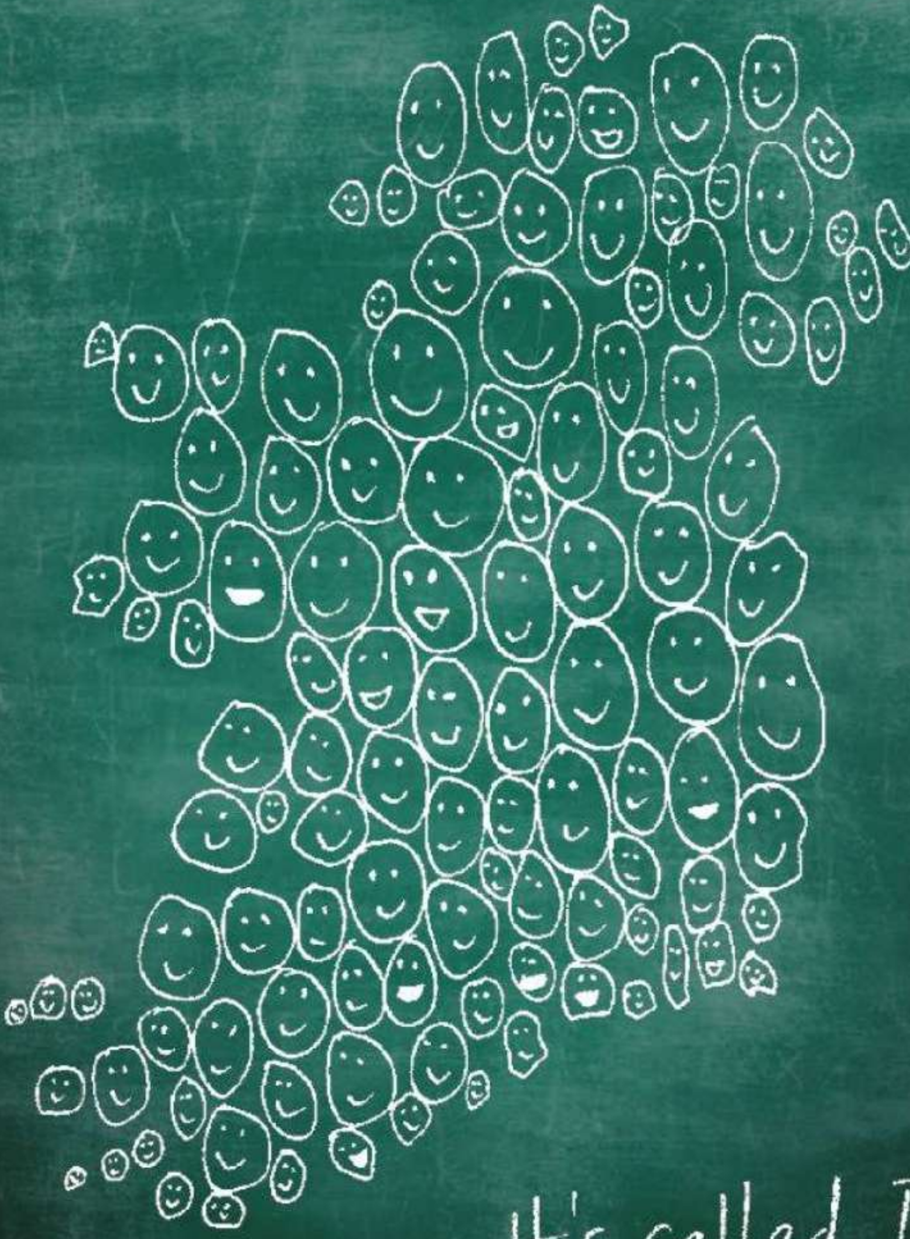
3%
Amount of Twitter's server infrastructure said to be dedicated to Bieber-related tweets

"I was never more in fear for my life than I was from teenage girls.... You'd rather be in a trench fighting the enemy than to be faced with this unstoppable killer wave of lust and desire, or whatever it is."

—Keith Richards in his autobiography, *Life*

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facebook. found a space for people who think in a certain way.



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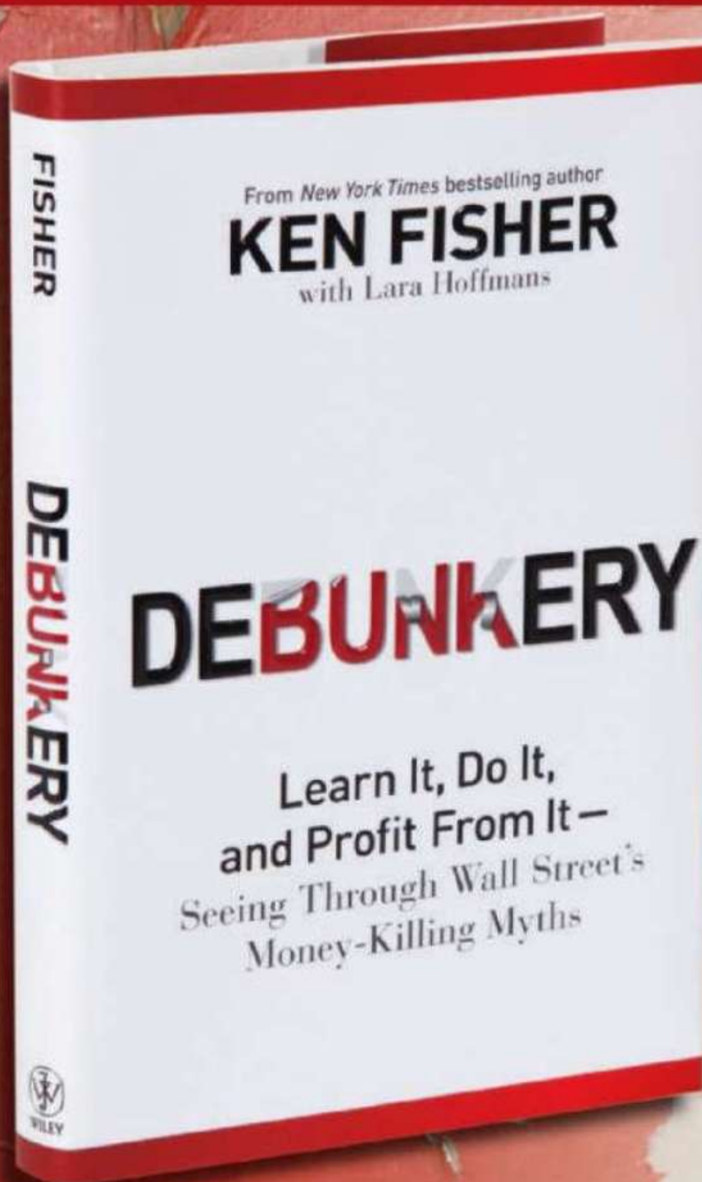
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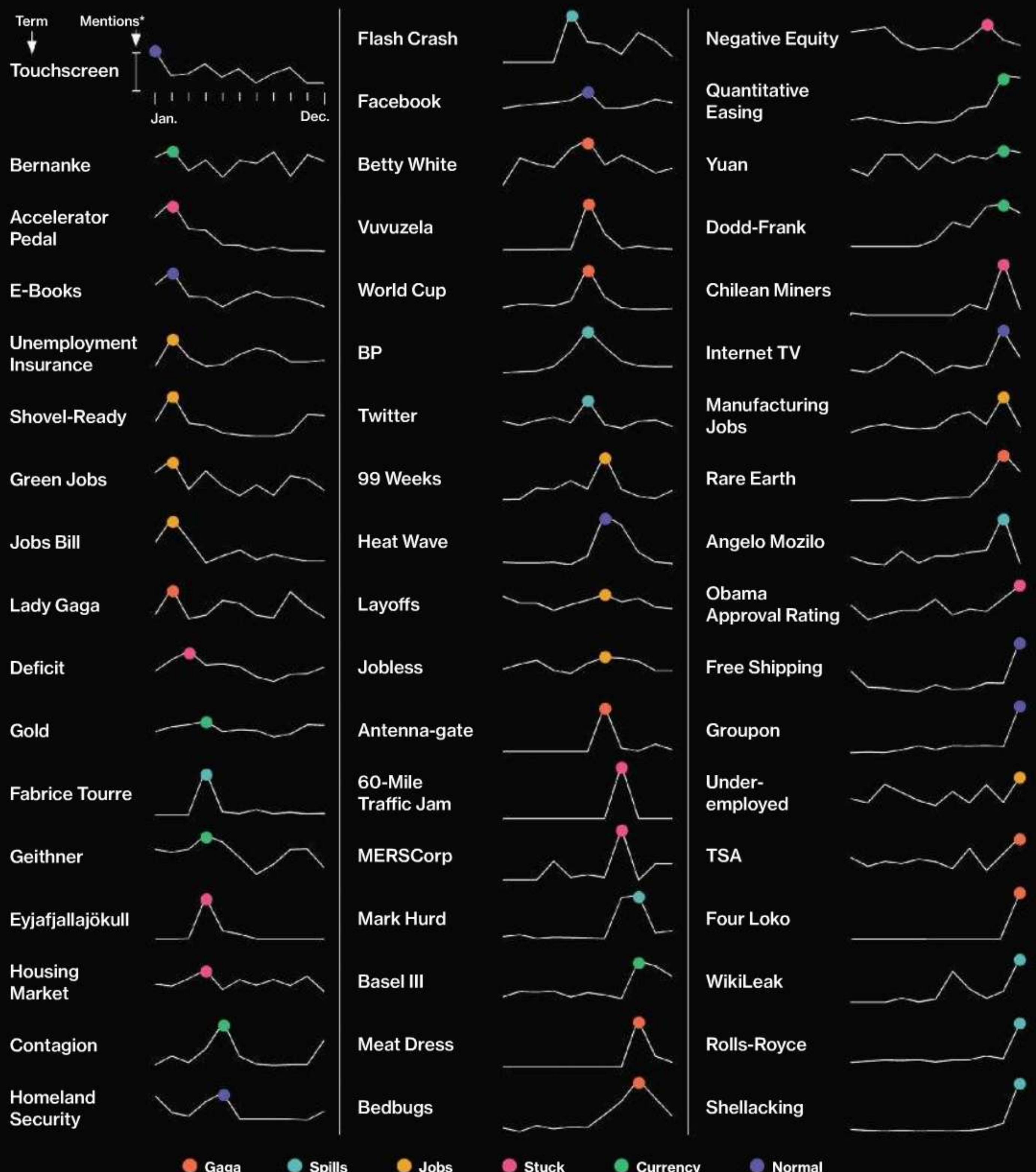
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The 2010 Lexicon

Mark Hurd. WikiLeaks. Groupon. Vuvuzela. To conclude this special issue, we chart the ups and downs of the year's memorable terms, tracking references to them in articles in over 100 publications.



*Number of stories per month in which the word or phrase was used. Each phrase uses a different vertical scale to highlight the peak months. DATA: BLOOMBERG

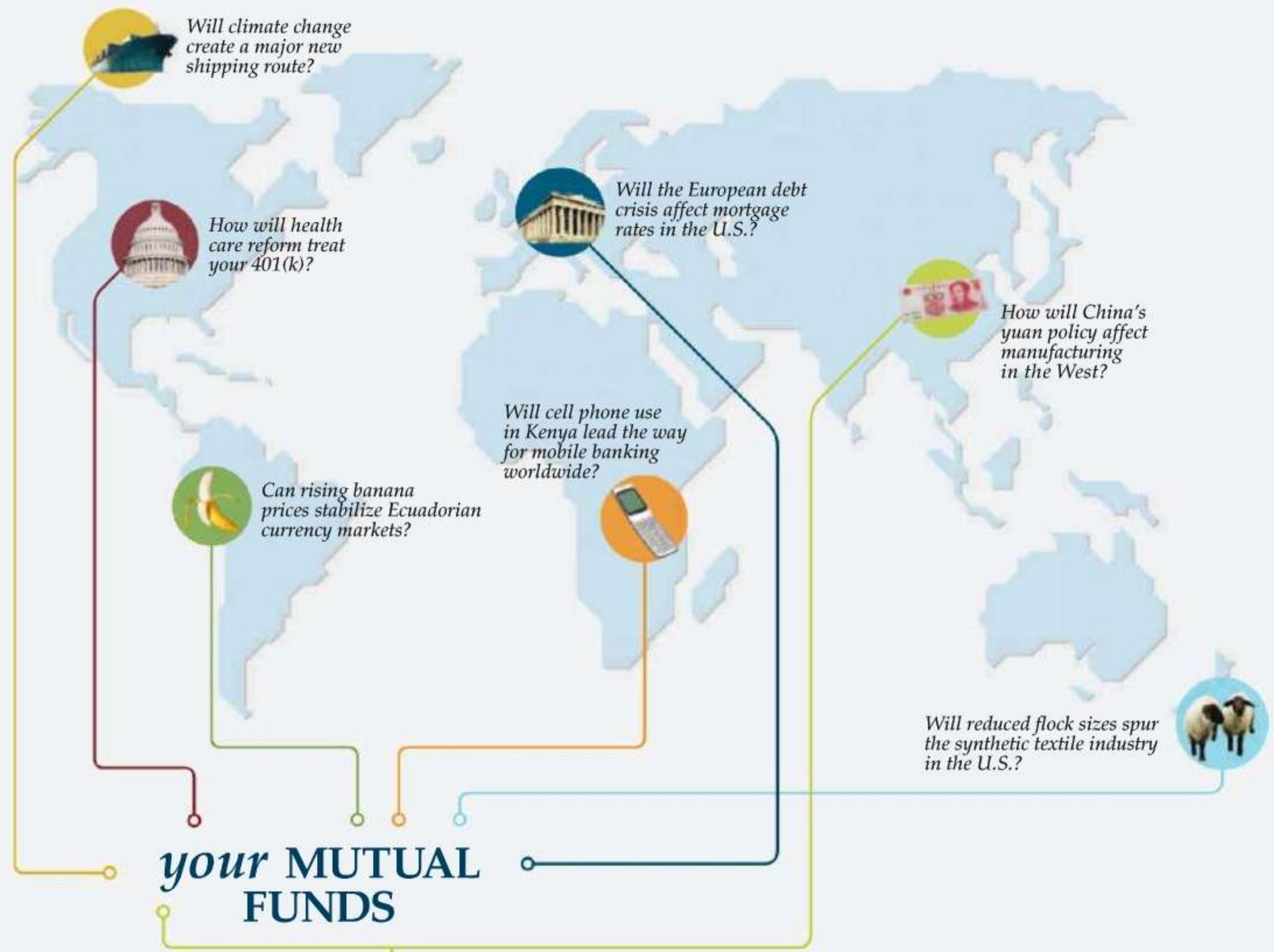


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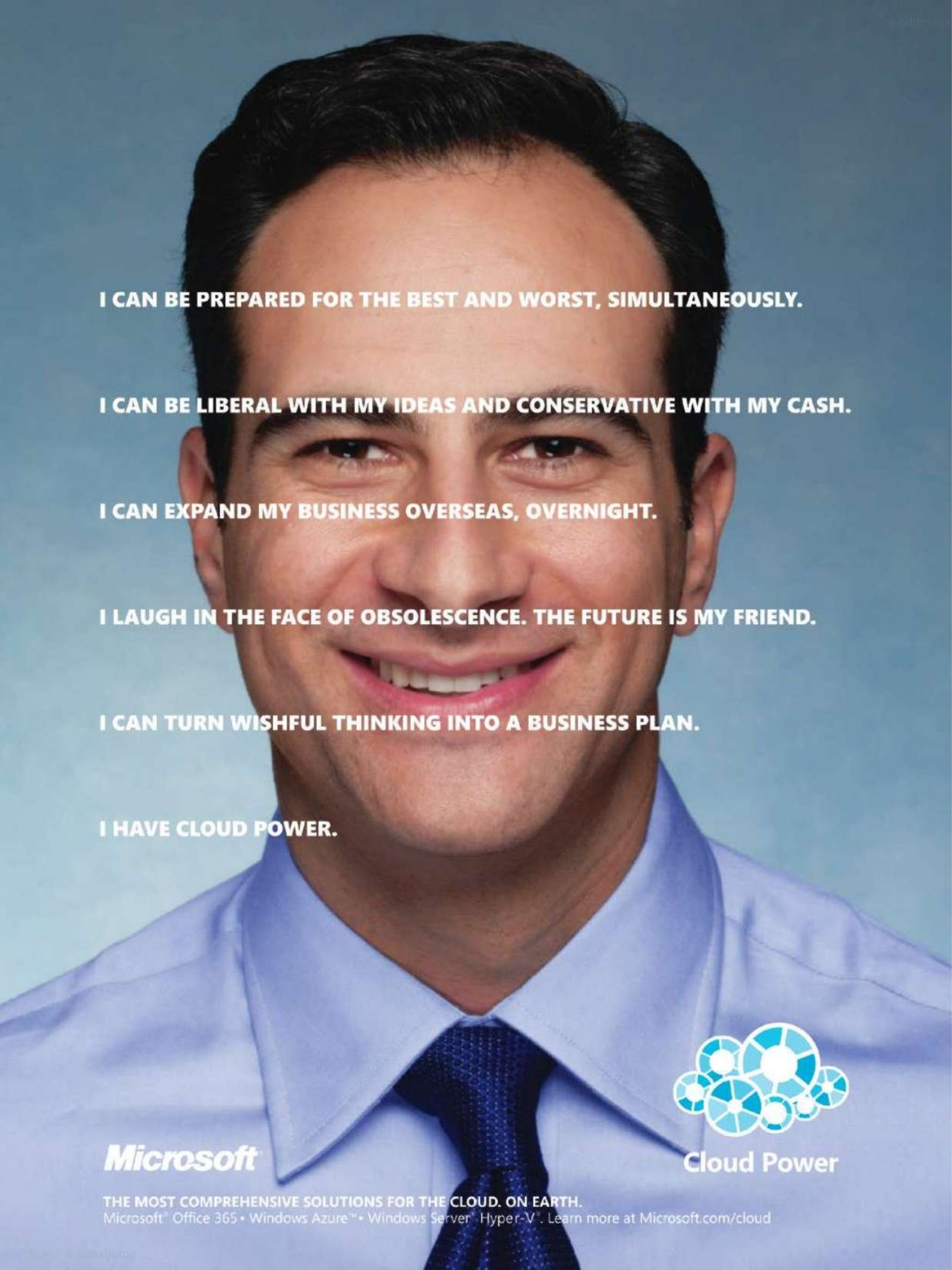
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